

# NHK SPRING REPORT

Society•Environment•Finance April 2014 — March 2015

# 2015

Building a better world by building innovative products



# NHK Spring evolves with society by building innovative products

Since its establishment, the spirit of building innovative products is unswerving and unchanged. NHK Spring continues to evolve with society and contribute to sustainable development of the world.



## Data communications

We use cutting-edge technology to deliver high precision, high performance products.



## Security

## Comfort

## Sustainable development

## Environmental contribution



## Automobiles

We supply key components for safety, environmental protection, comfort and high functionality.



## Safety

## Creating value for society

## Industry and lifestyle

We provide highly reliable products that serve society, with the emphasis on convenience and comfort.



Value to Society Provided by NHK Spring Group p.04

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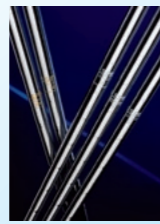
# Value to Society Provided by NHK Spring Group

NHK Spring utilizes the characteristics of springs to produce key components for many applications including automobiles, data communications, and industry and lifestyle. We will introduce some of our products as a representation of how we contribute to society through building innovative products and providing four types of value to the world.



## Automotive suspension springs

Coil springs absorb shock and vibration from the road surface. Stabilizer bars help prevent automobiles from tilting during cornering and lane changes. Leaf springs help ensure both a comfortable ride and stability while driving. Designing our products to be smaller and more lightweight also helps improve fuel efficiency of automobiles.



## Golf club shafts (Nippon Shaft)

We offer the N.S. PRO line of lightweight steel shafts. This brand is famous all over the globe for the control and distance these shafts offer golfers.



## Automotive seats

We produce automotive seats with excellent levels of comfort and safety, completely in-house from design and development through assembly. Our seats must pass through our strict testing criteria to ensure that we provide only the best seats to users in terms of design, durability, comfort, and other expected qualities.



## Mechanical multilevel parking systems (NHK Parking Systems)

The palette lift rises vertically and also moves left and right, which is made possible by spring and metal processing technologies. Effectively utilizing land in this way helps resolve the social problem of ensuring sufficient parking space.



Synthetic ties

## Railroad transportation products (Sumihatsu)

### Trincar springs

We help ensure a comfortable ride in trincars as well as stability while in operation.

### Synthetic ties

The synthetic tie (metal molded) is reinforced with glass fiber and using urethane resin foam, and is environmentally friendly. The product delivered to customers has received high evaluations for reduction of noise and vibration.



Trincar springs

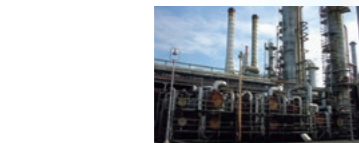
Utilizing the flexibility and elasticity of springs, we help ensure a comfortable ride in automobiles and trains as well as stability while driving.

# Comfort

Value created by the NHK Spring

## Pipe support systems

These systems are used to reduce noise and vibration produced by plant and hydraulic equipment, which helps improve safety of facilities.



## Railroad transportation products (Sumihatsu)

### Tension balancer

Tension balancers absorb flexion that occurs in cables that provide electricity to the railroad pantograph, which helps ensure a constant tension and safe operation of trincars.

### Branchers

A brancher is an important device to branch cars safely.

### Rail fastening device

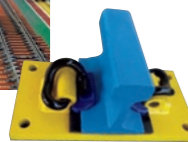
The rail fastening device is used for a wide range of purposes such as the Shinkansen, conventional railways, cranes, and elevators.



Tension balancer



Branchers



Rail fastening device

## Movable handrail balance unit



This unit is used with movable handrails to assist people with disabilities and elderly.



## "Trustgram" and "Hypergram" anti-counterfeit labels

These label stickers help protect the counterfeiting of name-brand goods such as consumer electronics devices, personal computer components, automobile parts, sporting goods, and others.



# Safety

NHK Spring's advanced spring technology absorbs shock and helps avoid accidents. We help ensure safety in a variety of industrial and everyday life situations while also giving peace of mind to workers and consumers that use our products.



## Valve springs



We are constantly improving durability and heat resistance through the development of materials and processing methods. These products are highly reliable in their support of high-revving engines.

## Disc springs

These springs are small, yet capable of handling significant loads, and so are often used in CVT and automatic transmissions in automobiles.



We ensure a high level of durability to withstand harsh environmental changes when driving automobiles for long distances and periods of time.

# Durability

through building innovative products

# High reliability

From HDD products developed using high-precision technology to bonding technologies, our many customers trust the reliability of our products.



Heater

Cooling plate

## Semiconductor equipment parts

We produce high-performance products such as heater and cooler units used in semiconductor manufacturing equipment and even electrostatic chucks integrated with both heaters and coolers.



## Metal base printed wiring boards

These boards have excellent heat dissipation qualities by combining aluminum with insulating material that has high thermal and electro conductive properties. These boards protect electronic devices from heat, which improves reliability and facilitates compact designs.



## Arc springs



These arc-shaped springs are designed with a long stroke for suitable applications. These springs are used to achieve low stiffness and expanded torsion angles for clutch dampers used in automatic and manual transmissions in automobiles, which helps reduce vibration and improve fuel efficiency.



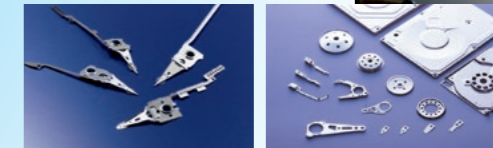
## Super Seal / Super Sheet

These materials are made of special urethane foam and used in applications to create waterproof and airtight seals as well as provide sound absorption and cushioning. These products maintain stability and have excellent resiliency even under low compression, which is why they are used in many industries such as automotive, electronics, architecture and civil engineering.



## HDD suspensions and mechanical components

Suspensions support the magnetic heads in HDD devices used in personal computers and other consumer electronic devices. Our HDD components are trusted around the world to make HDDs smaller, faster, and with higher capacities.



## Maritime related products

We offer products renowned for their high reliability to various fields in maritime.



Electronic controller

# We will pursue the sustainable growth of the NHK Spring Group



*K. Tamamura*  
Kazumi Tamamura  
President and CEO

Firstly, I would like to thank everyone for your continuing support for the work of the NHK Spring Group.

Last fiscal year, our Group formulated a three-year 2016 Medium Term Management Plan (2016 Midterm Plan), which will see its final fiscal year in fiscal 2016. We want to make this fiscal year, the middle year of the plan, a year for taking action to achieve our targets, based on issues we reviewed last fiscal year. We will establish a platform aimed at the 80th anniversary of our founding (the term ending March, 2020), steadily execute required measures, and act with a sense of speed so that no issues are left behind in fiscal 2016, the final year of the plan.

Domestically, vehicle production is forecasted to decline, due to factors including an increase in the tax on light vehicles. Overseas, there are concerns over the impacts of economic slowdown in China and Thailand, as well as the possibility of a decline in hard disk drive production due to

lower personal computer demand. In order for our Group to continue sustainable global growth even in this environment, I believe that it is important to reconsider our footing and resolve issues while pressing forward to take up challenges for the future.

I also recognize that active engagement in CSR activities is necessary for the Group to grow sustainably. We will leverage our Group's strengths to cooperate in resolving social issues through CSR based on our core business. We will also act ethically, obeying international norms and the laws and regulations of countries where we do business. We will always respect human rights and will undertake human resource development aimed at promoting diversity.

Through this report, we hope to gain people's understanding of our thoughts and our activities concerning the social responsibilities that our Group must perform. I ask for your continued support for our activities in the future.

## Guiding Principles of NHK Spring

Continuous progress  
Ceaseless excellence  
Caring teamwork

## Corporate Philosophy

To contribute to an affluent society through an attractive corporate identity by applying innovative ideas and practices, based on a global perspective, that bring about corporate growth.

**We, the people of NHK Spring, follow our Corporate Philosophy, in the spirit of our Guiding Principles, and build a better world by building innovative products.**

## Corporate overview

### Corporate overview (as of March 31, 2015)

Trade name:	NHK SPRING CO., LTD.
Founding:	September 1939
Capital:	¥17,009.56 million
Employees:	4,842 (Non-consolidated), 20,835 (Consolidated) <small>*Including average number of temporary employees during the year</small>
Sales:	¥601.4 billion (Fiscal 2014 consolidated)
Head office:	3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
Divisions:	Suspension Spring Division, Seating Division, Precision Spring & Components Division, DDS (Disk Drive Suspension) Division, Industrial Machinery & Equipment Division
Plants:	Yokohama Plant (suspension spring/seating), Shiga Plant, Gunma Plant, Toyota Plant, Atsugi Plant, Ina Plant, Komagane Plant (DDS/industrial machinery & equipment), Isehara Plant, Yasu Plant
Branches:	Yokohama Minatomirai
Sales offices:	Kita-Kanto, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka
Stock market listing:	First Section, Tokyo Stock Exchange (Code 5991)
Group companies:	23 Domestic, 33 Overseas

### Shares (as of March 31, 2015)

Total authorized shares	600,000,000
Total issued shares	244,066,144
Total number of shareholders	12,438

Movements in share price	High	Low
Apr.-Jun. 2014	979	816
Jul.-Sep. 2014	1,096	935
Oct.-Dec. 2014	1,079	896
Jan.-Mar. 2015	1,279	979

(Yen)

### Members of the board of directors and auditors (As of June 26, 2015)

#### Board of Directors/Auditors

President & Chief Executive Officer	Kazumi Tamamura	Board of Director	Keiichiro Sue
Executive Vice President	Takao Itoi	Fulltime Auditor	Kenji Shimizu
Executive Vice President	Kaoru Hatayama	Fulltime Auditor	Tsunehiko Hirama
Board of Director & Executive Corporate Officer	Hiroyuki Kado	Auditor	Takeshi Ishiguro
Board of Director & Executive Corporate Officer	Akihiro Honda	Auditor	Susumu Komori
Board of Director & Senior Corporate Officer	Takashi Kayamoto		

#### Corporate Officers (excluding those with additional post as Board of Director)

Executive Corporate Officer	Taro Umemura	Corporate Officer	Hiroki Sakamoto
Senior Corporate Officer	Yosei Morioka	Corporate Officer	Hidefumi Yoshimura
Senior Corporate Officer	Ryuichi Shibata	Corporate Officer	Jiro Oyama
Senior Corporate Officer	Toshio Kazama	Corporate Officer	Kazuhisa Uemura
Senior Corporate Officer	Toru Sugiyama	Corporate Officer	Kenji Nagai
Senior Corporate Officer	Hidekazu Hoshino	Corporate Officer	Tetsuya Fujiwara
Senior Corporate Officer	Kiyohiko Kammei	Corporate Officer	Toshinori Saeki
Senior Corporate Officer	Isao Otani	Corporate Officer	Noritoshi Takamura
Corporate Officer	Hideto Enomoto	Corporate Officer	Tatsuro Ono
Corporate Officer	Ko Masuda	Corporate Officer	Takahiro Okawara
Corporate Officer	Kazuhiko Otake	Corporate Officer	Toshiyuki Aoyagi
Corporate Officer	Hironobu Sugiura		

# Business Highlights 2014

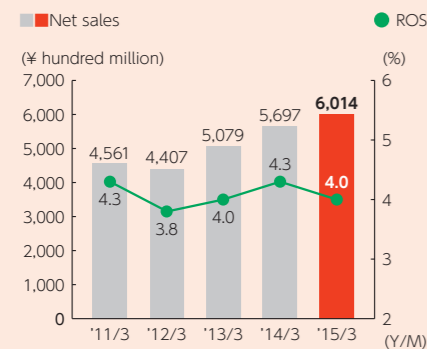
## Five-year summary (consolidated)

(Millions of Yen)

	Year ended in March 2011	Year ended in March 2012	Year ended in March 2013	Year ended in March 2014	Year ended in March 2015
Net sales	456,198	440,752	507,985	569,711	<b>601,434</b>
Cost of sales	389,142	384,643	441,316	492,603	<b>526,436</b>
Gross profit	67,056	56,109	66,668	77,107	<b>74,997</b>
Selling, general and administrative expenses	34,298	33,616	36,648	39,627	<b>42,295</b>
Operating income	32,757	22,493	30,020	37,480	<b>32,702</b>
Other income (expenses)	(1,809)	1,306	2,680	2,850	<b>4,488</b>
Income before income taxes and minority interests	30,948	23,799	32,701	40,331	<b>37,191</b>
Net income	19,420	16,741	20,333	24,677	<b>23,873</b>
Owned capital	142,804	154,911	190,000	218,269	<b>262,654</b>
Total assets	356,048	393,695	425,050	464,972	<b>529,899</b>
Depreciation	22,584	21,371	21,393	21,042	<b>21,448</b>
Capital expenditure	20,538	20,370	25,506	20,713	<b>20,671</b>
Per share					(Yen)
Net income	82.44	71.47	83.70	101.60	<b>98.29</b>
Shareholders' equity	610.07	655.86	782.23	898.62	<b>1,081.36</b>
Cash dividends	15	15	16	20	<b>20</b>

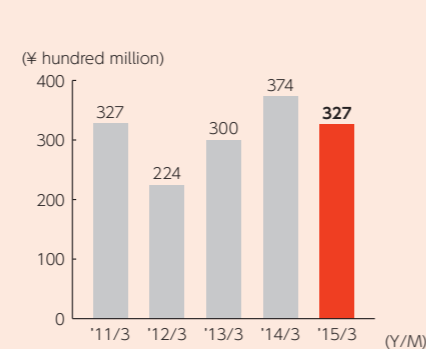
### Net sales

5.6% UP



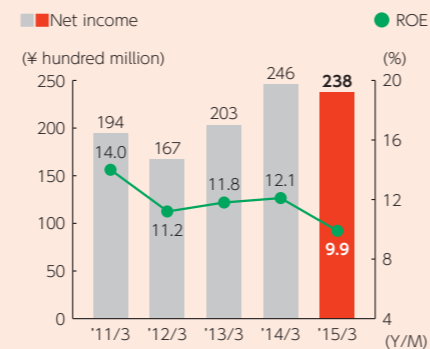
### Operating income

12.7% DOWN



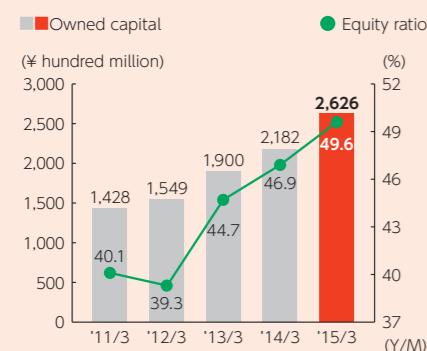
### Net income

3.3% DOWN



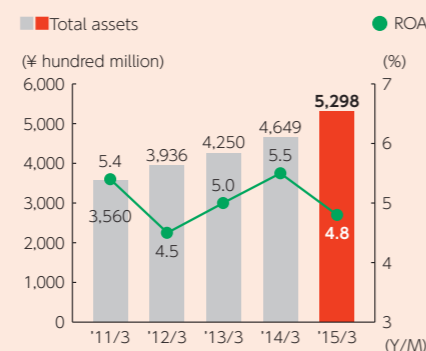
### Owned capital

20.3% UP



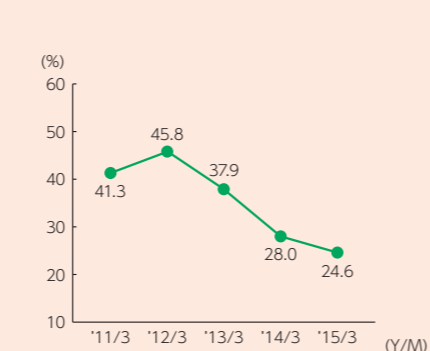
### Total assets

14.0% UP



### Debt equity ratio

3.4% DOWN



## Business activity highlights

### Domestic Business Overseas Business Aggressive development domestically and overseas

NHK Spring Group is aggressively developing business both in Japan and overseas.

#### New company for automotive suspension springs set up in Kyushu

In May 2014, we announced the establishment of a new automotive suspension springs company in the area adjacent to Faurecia-NHK Kyushu located in Kanda, Fukuoka. Agreements with Fukuoka Prefecture and Kanda City were concluded in June. Construction is currently underway with an expected date of initial operations in April 2016.



Agreements reached to construct new company in Kyushu. From the left, Governor Ogawa of Fukuoka Prefecture, President Tamamura, and Mayor Yoshihiro of Kanda

#### NHK Transport establishes subsidiary in Thailand

NHK Transport established a subsidiary in Thailand, which has started operations since August 2014.

#### Joint venture ceremony in Mexico

NHK Spring Mexico S.A.DE C.V. and Topura Mexico became a joint venture in November of 2014. A grand ceremony was held with local customers and government officials as guests. Operations have started in February 2015.



Opening ceremony of joint venture between NHK Spring Mexico S.E.DE C.V and Topura Mexico

#### NACI in India begins construction of new plant

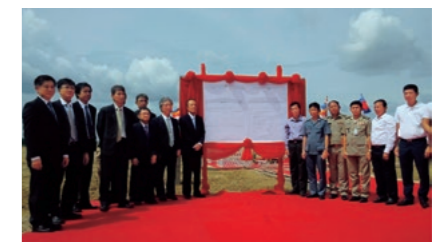
NHK Automotive Components India (NACI), which produces precision springs in India, announced the construction of a new plant in December 2014. The groundbreaking ceremony was held in February 2015. Construction is underway toward the start of initial operations in April 2016. This plant is expected to increase production capacity in response to growing demand.

#### New company for automotive suspension springs set up in Hungary

In April 2015, a new company was established in Hungary to produce automotive suspension springs. This company will provide automotive suspension springs primarily to customers in Europe.

#### NHK Spring Thailand establishes company in Cambodia to produce stitched parts

In April 2015, NHK Spring Thailand established a new company in Cambodia to produce stitched parts for automotive seats. This company will produce and provide stitched parts primarily for NHK Spring Thailand.



Groundbreaking ceremony for new company in Cambodia

### Overseas Business Celebrating the 50th anniversary of NHK Spring Thailand

NHK Spring Thailand reached its 50th anniversary in 2013. A commemorative party was held in September of 2014. President Tamamura attended the event together with former presidents of NHK Spring Thailand, Vice President Hatayama and Executive Kado. NHK Spring Thailand continues to grow and develop.



Commemorative photo of party attendees



Celebration speech given by President Tamamura



## Overseas Group Companies (33)

### North and Central South America

#### NHK International Corporation

**Automotive suspension springs** **Automotive seats** **Precision springs and components** **HDD-related parts** **Industry and life related**  
Main Activities : R&D of suspension springs and engineering services, sales and support of HDD components

#### New Mather Metals, Inc.

**Automotive suspension springs**  
Main Activities : Manufacture and sales of stabilizer bars

#### NHK of America Suspension Components Inc.

**Automotive suspension springs** **Precision springs and components**  
Main Activities : Manufacture and sales of coil springs, trunk lid torsion bars, drive motor cores for electric and hybrid vehicles, and sales of stabilizer links

#### NHK Seating of America Inc.

**Automotive seats**  
Main Activities : Manufacture and sales of automotive seats and interior feature parts

#### NHK Spring Precision of America Inc.

**Precision springs and components**  
Main Activities : Manufacture and sales of automotive engine valve springs and AT springs

#### NHK Spring Mexico, S.A.DE C.V.

**Automotive suspension springs**  
Main Activities : Manufacture and sales of coil spring and stabilizer bars

#### Rassini-NHK Autopeças Ltda.

**Automotive suspension springs**  
Main Activities : Manufacture and sales of leaf springs and coil springs

### Asia

#### NHK Spring (Thailand) Co., Ltd.

**Automotive suspension springs** **Automotive seats** **Precision springs and components** **HDD-related parts**  
Main Activities : Manufacture and sales of automotive suspension springs, seats, interior components, precision springs, and HDD components

#### NHK Precision (Thailand) Co., Ltd.

**Precision springs and components**  
Main Activities : Manufacture and sales of brake discs, etc.

#### Autrans (Thailand) Co., Ltd.

**Other**  
Main Activities : Automotive and motorcycle component logistics

#### NHK Manufacturing (Malaysia) SDN. BHD.

**Industry and life related**  
Main Activities : Manufacture and sales of printed wiring boards

#### NHK Spring Philippines, Inc.

**Precision springs and components** **HDD-related parts**  
Main Activities : Manufacturing of HDD parts, appearance inspection, and blanking of chemical products

#### P.T. NHK F. KBU Indonesia Automotive Seating

**Automotive seats**  
Main Activities : Manufacture and sales of automotive seats

#### NHK Spring (China) Co., Ltd.

**Other**  
Main Activities : Investment support in China and support for integration, management, business expansion, etc. for group businesses in China.

#### NHK-Uni Spring (Guangzhou) Co., Ltd.

**Automotive suspension springs**  
Main Activities : Manufacture and sales of coil springs and stabilizer bars

#### FNK China Co., Ltd.

**Automotive seats**  
Main Activities : Development and sales of automotive seats and components

#### NHK Seating (Hubei) Co., Ltd.

**Automotive seats**  
Main Activities : Manufacture and sales of automotive seats

#### NHK Seating (Chongqing) Co., Ltd.

**Automotive seats**  
Main Activities : Design, manufacture and sales of automotive and related components and after service

#### Chongqing Qingling NHK Seat Co., Ltd.

**Automotive seats**  
Main Activities : Manufacture and sales of automotive seats, interior components, and automotive parts

#### NHK Seating (Zhengzhou) Co., Ltd.

**Automotive seats**  
Main Activities : Manufacture and sales of automotive seats

#### Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd.

**Automotive seats**  
Main Activities : Manufacture and sales of automotive seats

#### NHK Spring Precision (Guangzhou) Co., Ltd.

**Precision springs and components** **HDD-related parts**  
Main Activities : Manufacture and sales of valve springs, helical springs, and HDD components

#### NHK Spring (Hong Kong) Co., Ltd.

**HDD-related parts**  
Main Activities : Sales coordination of HDD suspension, sales of HDD components

#### NAT Peripheral (Hong Kong) Co., Ltd.

**HDD-related parts**  
Main Activities : Manufacture and sales of HDD suspensions

#### NAT Peripheral (Dong Guan) Co., Ltd.

**HDD-related parts**  
Main Activities : Sales coordination of HDD suspension, sales of data communications components

#### NHK Spring (Taiwan) Co., Ltd.

**Precision springs and components**  
Main Activities : Sales of microcontactor products

#### Uni Auto Parts Manufacture Co., Ltd.

**Automotive suspension springs** **Automotive seats**  
Main Activities : Manufacture and sales of leaf springs, coil springs, automotive seats, and interior components

#### NHK Spring India Ltd.

**Automotive suspension springs**  
Main Activities : Manufacture and sales of coil springs and stabilizer bars

#### NHK F Krishina India Automotive Seating Private Limited

**Automotive seats**  
Main Activities : Manufacture and sales of automotive seats

#### NHK Automotive Components India Private Limited

**Precision springs and components**  
Main Activities : Manufacture and sales of precision springs and components

### Europe

#### NHK Spring Europe B.V.

**Other**  
Main Activities : Business management, sales, and technical service in Europe

#### NHK Spring Hungary Kft.

**Automotive suspension springs**  
Main Activities : Manufacture and sales of coil springs and stabilizer bars

#### Ibérica de Suspensiones, S.L.

**Automotive suspension springs**  
Main Activities : Manufacture and sales of coil springs and stabilizer bars

## Domestic Group Companies (23)

#### NHK Sales Co., Ltd.

**Other**  
Main Activities : Sales and import/export of automotive components, automotive springs, industrial machinery and components, precision springs and hybrid function components, fasteners, materials, data devices, machined components, and industrial equipment and components

#### NHK Transport Co., Ltd.

**Other**  
Main Activities : Motor truck transport, cargo transport and handling, warehousing, packaging, machinery installation, overseas import/export handling

#### Nippatsu Service Co., Ltd.

**Other**  
Main Activities : Sales of petroleum, petroleum products, chemical products, automotive components and automotive products; sales of chemical products and pressurized gas; total building management, security service, construction of ancillary facilities; accident and life insurance; real estate, construction business, information system planning and management

#### G.L.G. Co., Ltd.

**Other**  
Main Activities : Operation of golf driving ranges

#### NHK Spring Production Company

**Automotive suspension springs** **Industry and life related**  
Main Activities : Manufacture and sales of automobiles and automotive related items

#### Sumihatsu Co., Ltd.

**Automotive suspension springs** **Industry and life related**  
Main Activities : Manufacture and sales of leaf springs, clip bands, coil springs, turnouts and crossings, rail clips, and synthetic rail ties

#### Horikiri, Inc.

**Automotive suspension springs**  
Main Activities : Manufacture and sales of springs of all types

#### NHK Spring Kyushu Co., Ltd.

**Automotive suspension springs**  
Main Activities : Manufacture and sales of automotive suspension and stabilizer bars

#### Tohoku Nippatsu Co., Ltd.

**Automotive suspension springs** **Automotive seats** **Precision springs and components**  
Main Activities : Manufacture and sales of coil springs, precision springs, wire springs, and automotive seat components

#### Ites Co., Ltd.

**Automotive seats**  
Main Activities : Manufacture and sales of automotive seats and interior components

#### Faurecia-NHK Co., Ltd.

**Automotive seats**  
Main Activities : Development and sales of automotive seats

#### Faurecia-NHK Kyushu Co., Ltd.

**Automotive seats**  
Main Activities : Manufacture and sales of automotive seats

#### Sindai Co., Ltd.

**Automotive seats** **Industry and life related**  
Main Activities : Manufacture and sales of automotive and furniture seat springs and seat frames, trunk lid torsion bars, and sun visor wires

#### Uniflex Co., Ltd.

**Precision springs and components**  
Main Activities : Manufacture and sales of automotive components; design, manufacture, and sales of general industrial machinery

#### Ayase Seimitsu Co., Ltd.

**Precision springs and components**  
Main Activities : Manufacture and sales of precision springs

#### Tokuhatu Co., Ltd.

**Precision springs and components**  
Main Activities : Manufacture and sales of spring washers, wave spring washers, thin leaf springs, and wire springs

#### NHK Precision Co., Ltd.

**Precision springs and components**  
Main Activities : Manufacture and sales of screw tools, automotive components, data processing equipment components, and precision industrial components

#### NHK Parking Systems Co., Ltd.

**Industry and life related**  
Main Activities : Planning, design, manufacture, sales, installation, leasing, maintenance, and renovation of automatic multi-level parking garage systems; manufacture, sales and design of parking garage ancillary equipment

#### NHK MEC Corporation

**Industry and life related**  
Main Activities : Manufacture and sales of marine and industrial mechanical remote control boxes, control cables, electronic remote control systems, steering systems and foot pedals

#### Nippon Shaft Co., Ltd.

**Industry and life related**  
Main Activities : Manufacture and sales of golf shafts, metal baseball bats, and pipe products

#### Topura Co., Ltd.

**Precision springs and components**  
Main Activities : Manufacture and sales of automotive screws, bolts, and general springs

#### Yokohama Kiko Co., Ltd.

**Industry and life related**  
Main Activities : Manufacture and sales of a variety of lighting systems

#### Nippatsu Harmony Co., Ltd.

**Other**  
Main Activities : Cleaning and greening of building interiors and exteriors, sorting and collection of general waste, auxiliary manufacturing

## [CSR management system and governance]

We understand our responsibilities of the Group as a member of society, and we aim for consensus within the Group to ensure CSR proceeds smoothly. We have also established a system of governance, to ensure that we conduct our business in a proper manner.

### Approach to CSR

In our Corporate Philosophy, we speak of "contributing to the development of an affluent society," and throughout our history, we have worked to meet our responsibilities as a company to society. We have done this in a wide range of areas. We were one of the first companies to become involved with the environment, and we have contributed to local communities for many years.

### Promoting CSR

We have a Committee which functions for NHK Spring Head Office, and which sits below the Board of Managing Directors. It acts to facilitate discussion to enhance corporate values. We have a series of Committees which are at the center of the CSR activities of the NHK Spring Group. They are the Product Building Innovation Committee, which takes in suppliers; the Human Resources Policy Committee, which examines staff training and employment and other similar issues; the CSR Committee, which coordinates general CSR promotion activities including risk management; the Intellectual Property Strategy Committee, which looks after our patents and other intellectual property; and the Global Environmental Measures Committee, which encourages conservation of the environment.

### Board of Managing Directors and Committees



### Message from the Chairman of the CSR Committee

#### Promoting CSR throughout the global Group in efforts toward sustainable growth



Hiroyuki Kado

Chairman of the CSR Committee, Executive Corporate Officer, Member of the Board

The NHK Spring Group regards its mission to be "contributing to an affluent society" by using its Guiding Principles and Corporate Philosophy as the basis for management policy. We believe that the CSR activities of the NHK Spring Group are to provide essential key parts in the automotive and telecommunications fields, industry and daily life, to become a company understood and trusted by all its stakeholders including customers, shareholders and investors, suppliers, and local communities, and to contribute to the development of an affluent society.

Also, NHK Spring created the Global Environmental

Activities Guidelines to preserve the natural environment, extracted priorities such as resource saving, energy saving and reducing waste, and is engaged in global activities to reduce the environmental burden.

To build a relationship of understanding and trust with all its stakeholders and local communities where NHK Spring conducts its business activities, we will promote global CSR activities and strengthen governance. NHK Spring is actively engaged in planning for future fulfillment of even more activities with the aim of sustained growth.

### Encouraging CSR

The Committees sit directly below the Board of Managing Directors. Heads of relevant departments are elected to the Committee to become involved in a broad range of activities, and actively consider how to improve them.

The responsible departments take the lead in conjunction with the different offices and Group companies in carrying out activities on the basis of the policy discussed by the individual Committees. They carry out a great variety of activities in cooperation with regional governments and suppliers.

### Corporate Governance

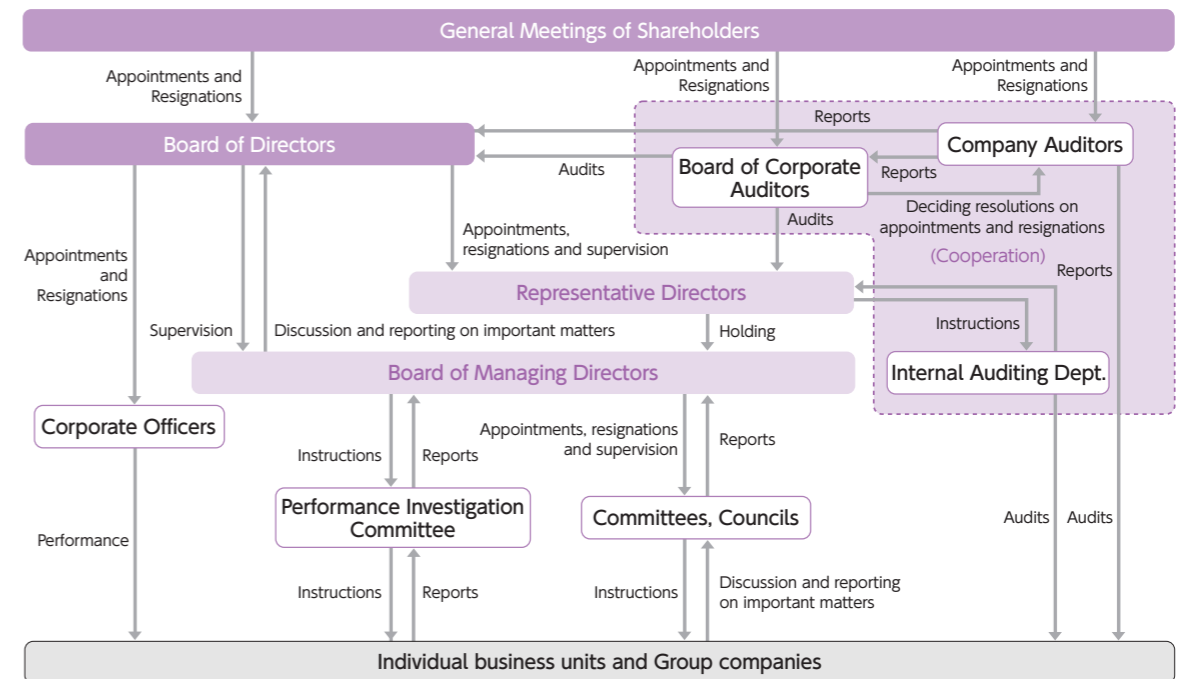
General Meetings of Shareholders and the Board of Directors are the decision-making bodies. However, to allow for more rapid decision-making, we established a system of executive corporate officers in fiscal 2005. There are now seven board members (including one external director) as of June 26, 2015. The

appointment of an external director in fiscal 2015 helps ensure the effectiveness of supervision over management and the validity of our decision-making.

The Board of Managing Directors and Committees are the deliberative bodies. The Board of Managing Directors consists of the Executive Corporate Officers and Auditors and enables the exchange of ideas among a smaller group. The Board of Corporate Auditors is the audit body; as of June 26, 2015, it consists of four auditors, two of whom are external auditors. The Internal Auditing Department provides internal controls and is intended to provide an internal audit function looking at the appropriateness and efficiency of Group activities. We have strengthened the Internal Auditing Department and are operating under the enhanced controls in response to the Financial Instruments and Exchange Act, which was revised in fiscal 2008.

With the establishment and expansion of our system of risk management, the Risk Management Department also obtains advice from our corporate lawyers as required, on a consultancy basis.

### Governance system



# [Risk management]

We have a risk management system in place to deal appropriately with the various types of risk confronting us.

## Risk management organization

Company risk is not limited to natural disasters; it includes many events that could occur unexpectedly. As part of our social responsibility, we have established a managing body to prevent the occurrence of and minimize damage caused by unexpected risks.

### Domestic and overseas support systems

Since 2010, we have been searching for potential risks in daily work activities (operational risks) both in Japan and at our overseas Group companies. We have then evaluated and prioritized these risks. Currently, our Group companies are conducting voluntary rating of risks on a regular basis. Each related department within our Head Office offers support and assistance to create solutions to key issues.

### Responding to risks

In addition to disaster reduction measures, we are also conducting initial response training so that employees know what to do after the occurrence of a natural disaster until the Business Continuity Plan (BCP) takes effect. This training is conducted under scenarios of earthquakes or tsunamis so that employees know what initial response to make and what information to gather in the two to three hours after a disaster. We also consider how to improve our procedures after each training session, which are updated before the next training session.

When an emergency occurs in Japan or overseas, a Crisis Management Team will be quickly established in the area(s) where the emergency has occurred and The Headquarters Crisis Management Team will be activated at Head Office to manage and control the situation as quickly as possible.

## Compliance

In efforts to further enhance global compliance and ensure that we comply with laws both in Japan and overseas, the President has sent messages on antitrust compliance and prohibition of bribery. We have also been providing training to employees on a global scale.

### CSR Committee

In 2014, we integrated the Risk Management Committee with the CSR Committee as we shifted our focus to risk management as part of our corporate responsibility. The CSR Committee investigates ways to prevent reoccurrence and reports to the Board of Managing Directors so that information is properly shared regarding the status and countermeasures in dealing with emergencies that occur at any of our locations both in Japan and overseas.

We have established a risk management system and are constantly looking for ways to improve our processes so that each employee can have a deeper understanding of risks in their daily work and therefore respond quickly to the occurrence of unexpected risks well as work toward early resolution or mitigation.

## Business Continuity Plan (BCP)

There are many kinds of risks, such as natural disasters (earthquakes, tsunamis, floods), and epidemics, terrorism, fire, and so on. However, it is vital for companies to cope with these risks and sustain their operations. NHK Spring has established a CSR Committee to manage overall Group risk as well as a risk management system to deal with unexpected events. They determine risk management standards as well as create structures and rules to ensure the appropriate response to emergencies.

The NHK Group BCP Basic Policy and NHK Group BCP Guidelines are distributed to all NHK Group companies. We are also currently developing our Business Continuity Management (BCM) system.

When an emergency occurs, directly affected and related departments will convene at the countermeasure office and work together under the command of the chief officer to quickly mitigate and begin to control and recover from the emergency.

Since 2011, NHK Spring Group companies in Japan have taken part in initial response training after a large earthquake, and training in initiating recovery. After reviewing this training, we revise our BCP and manuals to provide more practical responses to disasters and improve our risk management systems.

## Compliance

Naturally, we comply with the law, but we also genuinely meet the various demands that society makes on us. Compliance is a major element of how we do business. In order to ensure compliance throughout our business, we have established a compliance system. In this system, the company President has ultimate responsibility. Then there is the Chief Compliance Officer who is responsible for Compliance Officers who instruct and supervise compliance in each division.

At NHK Spring, we have an Employees' Code of Conduct which stipulates specific areas that our staff must comply with as well as the social needs that must be met. Each employee strives to conduct themselves in accordance with this Code of Conduct. To further this understanding, a monthly Compliance Newsletter is distributed. In addition, training is provided to all new employees and managers at all levels of our organization, including at our Group companies. Every November marks NHK Spring Ethics Month, at which time we hang posters and hold various events to raise employees' awareness of compliance across the Group.

We have also established hotlines to our internal legal department, as well as external legal firms, to handle whistle blowing and compliance consultations. This system provides a source of consultation for employees when they are not sure about certain situations.

## Ensuring information security

NHK Spring and all Group companies, based on the NHK Spring Group Security Management Policy as the standard for preventing the unauthorized disclosure of information relating to transactions with customers and suppliers, aim to provide information security through the management and operation of these standards and procedures.

The guidelines apply to the executives and employees of NHK Spring and its Group companies and the employees of contractors (including loan and part-time employees). The Group assesses our intellectual property for importance, and classifies and properly manages it according to what is involved and its degree of confidentiality. The Group prevents any unauthorized disclosure, destruction, falsification or improper use of our intellectual property.



We have also created e-learning courses on information security to raise awareness through employee training

**OICE**

**Kazuki Tsutsui**  
CSR Department



**Building an effective business continuity management system**

Learning the lessons of the Great East Japan Earthquake, NHK Spring, while engaging in revision of a BCP that should minimize the damage caused by unexpected situations, is also striving toward building a management system.

Specifically, everyone is giving insight on how to continue the business if equipment, suppliers or employees are affected. We all examine measures.

In addition, the plan is formulated and put into practice, thus raising the consciousness of all, eliminating problems in the BCP, and striving for improvement.

In particular, by conducting management reviews including top management, we will continue to study and improve BCP while going through the PDCA cycle.

In the future, regardless of whether domestic or overseas, we will develop this arrangement for each company in the NHK Spring Group and establish BCP management.

**OICE**

**Yoichi Watanabe**  
CSR Department



**The need to continually raise compliance awareness**

To be compliant, it is essential to raise the awareness of each employee.


Successful compliance management could be considered as employees having an awareness of what actions or activities should be a compliance infraction.

Continual effort is necessary to raise awareness of compliance. Through the sending of compliance messages with familiar themes and conducting periodic class specific training such as for new employees and managers and job type specific training such as for salespeople and technicians, the CSR Department strives to disseminate information on compliance.

As globalization progresses, we are required to meet legal and social needs not just domestically but also overseas. We make continual efforts so that all employees of the NHK Spring Group regardless of whether domestic or foreign, have a greater awareness of compliance.

**OICE**

**Yosuke Ito**  
Manager, Information Systems Department



**Promote establishment of information security in all groups**

Information security is not only essential to ensure the trust of stakeholders including customers, but is also considered a significant basis to support safe and secure social life. NHK Spring has formulated a basic approach to facilitate work while safeguarding information assets, based on the NHK Spring Group Security Management Policy. To increase awareness and knowledge in employees, we make efforts to enhance information security by creating rules, training employees through e-learning courses and so on, inspecting the management situation and performing continual reviews.

In addition, this planning group assesses and minimizes IT risk including regulating IT, system surveillance, and information security, and establishes the initiatives to maintain a healthy IT environment. They also promote the building and establishment of IT governance for the entire NHK Spring Group.



## [Customers]

We deliver high quality products and aim to continuously improve delivery times, costs, and customer satisfaction as well.

### Quality assurance

As we keep an eye on environmental changes both in Japan and abroad, we work to maintain our standard of world-leading quality and increase customer satisfaction.

We also actively pursue international quality standard accreditations and operate our quality management according to these standards.

#### Quality Guidelines

Achieve greater customer satisfaction at the global level by delivering world's best quality products

#### Important policies

- 1) Improve global quality standards by enhancing inspection and training
- 2) Eliminate quality problems by enforcement of recurrence prevention activities and promotion of preventive activities
- 3) Verification of thorough prevention measures (DRBFM, etc.) for new establishments or 4M changes, process validation, and initial response review

#### Specific arrangements

This is what we are doing in relation to our important policies:

1. **Improve global quality standards by enhancing inspection and training**
  - 1) Continue global audits and appropriate improvement from related proposals
  - 2) Promotion of independent audits
  - 3) Support human resources development by domestic group education and personalized education
  - 4) Global test deployment of points 3
2. **Eliminate quality problems by enforcement of recurrence prevention activities and promotion of preventive activities**
  - 1) Perform QA-N inspection on defect recurrence
  - 2) Create fool proofing case collections and provide support for new fool proofing ideas
  - 3) Maintain and improve quality management standards of important processes\* through process inspections  
\*Heat treatment, welding, shot-peening
  - 4) Create a database of past issues for prevention purposes
3. **Verification of thorough prevention measures (DRBFM, etc.) for new establishments or 4M changes, process validation, and initial response review**
  - 1) Confirm that verification of thorough prevention measures, process validation, and initial response management is being performed
  - 2) Progress tracking of plans (establishment/changes)
  - 3) Confirm status of global quality inspections

### Acquired certification from the International Organization for Standardization

NHK Spring first acquired the ISO 9001 international standardization certificate for the Atsugi Plant in 1996, and since

then, all our plants have acquired ISO 9000 Series certifications. Our car related production plants, have acquired ISO/TS 16949 certification, for which the requirements are higher.

In addition to actively encouraging our local Group companies to acquire certifications, we are also taking on initiatives to acquire other international quality management systems certifications, such as the ISO 9000 series and ISO/TS 16949, according to the requirements of our customers and different regions.

ISO/TS 16949 certification acquired for **26** plants

### What our customers say about us

NHK Spring is always trying to improve on quality, delivery and costs, to meet customer expectations. As a result, many of our customers have shown their appreciation in the form of awards and so on.



Commended by many customers

### OICE

**Yutaka Hozumi**  
Chief Engineer  
Department 3,  
Technology Development Division 11,  
Automobile R&D Center  
Honda R&D Co., Ltd.



### As a good partner in the future

As a mobility company, we use all kinds of springs in generic products including the cars and motorcycles we manufacture. We have worked together with NHK Spring over many years in Japan and abroad to develop and locally produce coil springs and stabilizer bars which are mainly used around the suspension of automobiles.

By always responding to our needs with high levels of technology and speed, we have been successful in delivering products of high precision and high quality to customers all over the world.

Going forward, as smaller and more lightweight products are desired, we hope to breakthrough the limit of current environmental technologies with new and innovative technologies. As technology continues to become more advanced and complex, I hope that NHK Spring is able to create new values through entirely new concepts.

As good business partners, I hope we can create environmentally friendly products to maximize our customer's satisfaction.

# [Shareholders and investors]

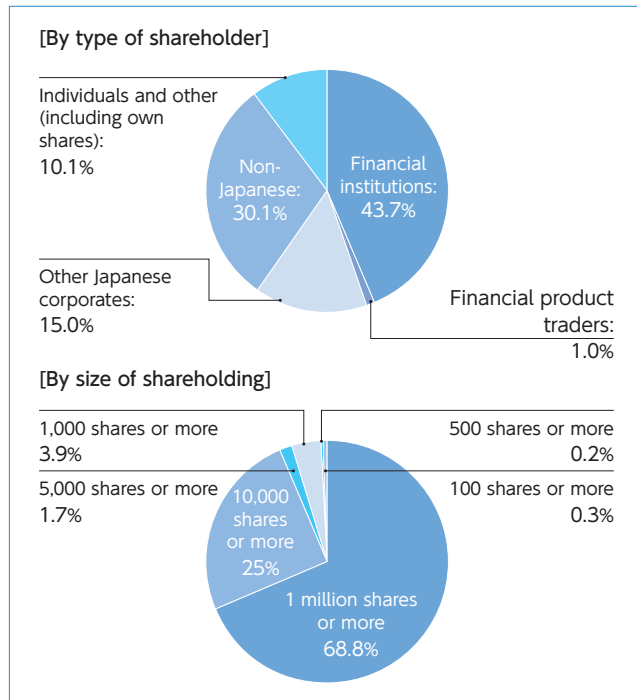
We believe that timely disclosure of the position and finances of NHK Spring is the key to support from shareholders and investors over the long term, and we strive to implement this.

## Shareholder information and breakdown of shareholdings

Inquiries from shareholders are handled by the General Affairs Department. (Shareholder Register Custodian is Mitsubishi UFJ Trust Bank)

The graph below shows the breakdown of shareholders.

### Breakdown of shareholdings (As of March 31, 2015)



## Release of investor relations information

We issue Business Reports and the NHK Spring Report (in Japanese and English) to better inform shareholders and investors about us. We also issue press releases and carry the latest information about the company on our website. We will continue to work to provide fuller and faster information through our website.



**WEB** URL of Investor Information page  
<http://www.nhkspg.co.jp/eng/ir/>

## Disclosing information for investors

We hold briefings for analysts and institutional investors after the release of our half-yearly and full year accounts. In fiscal 2014, we held two briefings in May and November. We will continue to make every effort to release information to analysts and investors.



Briefing after release of accounts

### QICE

**Keisuke Konishi**  
 Senior Analyst, Research Department  
 QUICK Business Research Institute  
 QBR Corp.



## Growth that amazes the stock market

I am a stock analyst and focus on the automobile and parts industries. In addition to receiving the financial summaries, fact books, and securities reports published by NHK Spring, I also attend the analysts meetings held twice a year in my efforts to cover NHK Spring. I also try to deepen my understanding of NHK Spring by taking tours of domestic and overseas plants as well as by conducting individual interviews with IR representatives.

The thing most admirable about NHK Spring is the presence they carry while still being independent. One example of this is their global production system built through aggressive overseas development capitalizing on their high level of production technology utilizing the metallic properties of springs. Their use of springs as a springboard to achieve amazing levels of growth is also quite remarkable. NHK Spring has a proven track record of receiving many orders from various automobile manufacturers. NHK Spring is recently now also known for making automotive seats in addition to automotive suspension springs. They also maintain a leading share position of the HDD suspension market. Success in different industries through varied products is certainly a significant indicator of continued growth.

NHK Spring continues to see more and more demand as a global supplier in the automotive industry. With the establishment of a new company in Hungary, they are solidifying a base of operations in Europe and beginning to receive more business from automotive manufacturers in the local area. I would like to see NHK Spring reach same height as overseas automotive parts manufacturers. Using their core of spring-based technologies, I would like to see them develop and market truly innovative products and achieve levels of growth that amazes the stock market.

In closing, I would like to say that the distance from the ground to the visitor seats at the NHK Spring Mitsuzawa Football Stadium, which NHK has the naming rights, gives spectators a feeling of being in the action, and so is deservedly very popular among soccer fans. As with this stadium, I hope investors will continue to find NHK Spring attractive and valuable.

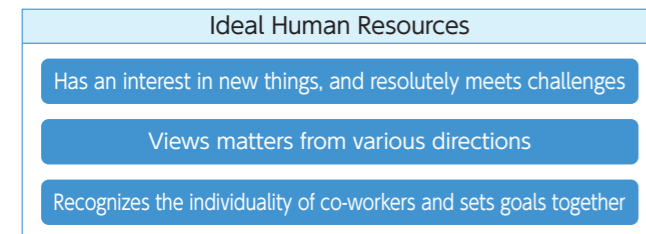
# [Employees]

Based on our corporate culture of valuing people, NHK Spring considers our employees to be important assets, and we make great effort in hiring and training them. In order to be a company where each employee's diverse sense of values can play an active role, we aim not only for diversity, but also enrichment through workplace health and safety and employee welfare.

## Employment and training of human resources

### Basic approach to employment

NHK Spring advocates growth through innovative ideas and practices. We extensively search for employees who have the desire to take on challenges and overcome problems through teamwork, while maintaining their individuality.



From the aspect of diversity of human resources, we have set targets for hiring women and non-Japanese employees and we also promote the hiring of handicapped staff through special subsidiary companies. We also recruit mid-career staff to contribute to our organization's diversity.

### Human resources development

As part of efforts toward sustainable growth, our human resource development seeks to improve the quality of human resources and the organization.

For example, we clearly define the desired mindset and actions for each employee to understand the corporate mission and demonstrate this through their conduct. As a result, the image of an ideal employee can be set in detail and skill development training is held based on targets set each year.

The training each person receives includes group training, which is divided by each level of the organization as well as job type and skill level, and foreign language and cultural training. We also proactively support external training such as overseas training opportunities and distance education. We work towards developing our human resources under the philosophy that individuals who want to grow will develop through the power of the organization and the support provided by the human resources system.



We conduct many kinds of training to improve the abilities of our workforce

### Recruitment

In recruitment, we conduct our own recruiting sessions, and we make every effort to have recruitment staff from our Human Resources Department attend sessions organized by schools. Our recruiting sessions provide opportunities to talk freely to newer employees of NHK Spring acting as recruiters. This gives the students the chance to hear what it is actually like to work for us. The students hear about our corporate culture and environment and what life in the company will be like once they start working.

We provide information on the recruitment website, and we have links to our recruitment page on our main website. Finally, we also put up advertising posters in railway stations aimed at new graduates.



Company briefing given by our recruiters



Recruitment page on our website

NHK Spring page on the Rikunabi (job information) site

## Employing the people with disabilities

The Group aims for the people with disabilities and those without to work together 'achieve potentials,' 'becoming an independent member of society,' and 'coexisting with society.'

We established Nippatsu Harmony Co., Ltd. as a Special Subsidiary Company in April 2002 to employ people with disabilities, as a corporate social responsibility and contribution to local communities. Since March 2009, NHK Sales and NHK Transport, both group companies, have been working as special group subsidiaries toward improving the employment ratio of those with disabilities.

As of March 2015, these companies have established four offices, two in Kanagawa Prefecture and two in Nagano Prefecture, where 49 people with disabilities (mainly intellectual disabilities) are happily working. In fiscal 2014, 42 people from area schools and corporations participated in training. A total of 211 people from various corporations, schools, and related government officials visited and toured our facilities.



Nippatsu Harmony employees happy at work

## Workplace health and safety

We introduced a Workplace Health and Safety Management System in fiscal 2000, and it was rolled out companywide in fiscal 2003. We have taken the following measures to eliminate workplace accidents to achieve Zero hazards:

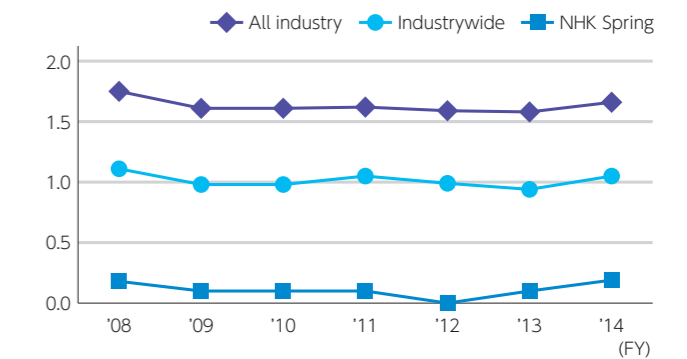
- **Risk assessment:** Method to find, mitigate, and eliminate potential dangers and hazards in workplaces.
- **Risk prediction:** Activity to prevent disasters by increasing sensitivity toward risks.
- **Health and safety training:** Training to obtain knowledge of dangers and hazards to help with disaster prevention.

The rate of days lost through injury has been lower than the average for all industry and manufacturing industry in recent years.

Going forward, we intend to apply the PDCA cycle to the occupational safety and health management system for continual further improvement.

$$\text{Rate of days lost through injury} = \frac{\text{Number of workplace injury victims}}{\text{Total hours worked}} \times 1 \text{ million hours}$$

## Changes in rate of days lost through injury



## Benefits programs

We strive to provide a full range of benefits in line with the social environment, to assist our employees in enjoying a happy working life. In particular, we provide a safe and secure workplace and we pay particular attention to activities that allow communication between employees. We aim for the general welfare of our employees by assisting with physical and mental health management, after-hours activities and a stable lifestyle after retirement and so on.



Kickbase tournament attended by teams from each workplace representing different areas



Company trips using workplace communication funds (Precision Spring & Component Sales Dept.)



Sports clubs are popular everywhere. The Shiga Baseball Club that has competed in and achieved positive results in various tournaments



The Yokohama Flower Arranging Club decorates Yokohama offices with Ikebana arrangements

# [Local communities]

NHK Spring and our Group companies have operations in various areas in Japan and around the world where we hold local community-based activities. The energies of the whole Group are directed to expanding our ties to the local community everywhere.

## Involvement by NHK Spring

**Activities based on the NHK Spring Mitsuzawa Football Stadium**  
It is the 8th year since we acquired the naming rights to the NHK Spring Mitsuzawa Football Stadium in 2008. The naming rights entitle us to free use of the Stadium, which we make good use of.

- Sponsorship of the NHK Spring and Asahi Shimbun Junior Soccer School  
The Junior Soccer School is held at the Stadium for Grades 2 to 4 elementary school students. 150 students have the opportunity for instruction from former professional players each time. Famous former members of the Japan's national soccer team who often appear on television gathered and held commemorative photo session with participating children and their parents. A few days later, tabloid advertisements were delivered to those subscribed to Asahi Shimbun in Yokohama City to introduce our activity to the local residents.

- NHK Spring and College of Science & Engineering Soccer League in Kanto Area  
College of Science & Engineering Soccer League in Kanto Area was established to assist promising students. We have also incorporated diverse and unique activities, such as Futsal, in response to student needs.

The season opening games of the league are held at the Stadium, and the champion and runner-up teams are presented with their awards before big crowds at official matches of the J-League Yokohama FC. This also helps our recruitment work.

## Naming rights continued for 8th year



Official rugby matches are also held at the stadium



NHK Spring and Asahi Shimbun Junior Soccer School. Children running on the pitch with former professional soccer players



NHK Spring and College of Science & Engineering Soccer League in Kanto Area supporting activities of college students



## School meals for children in the world with TFT

In February 2014, we introduced "Table For Two" (abbreviated as TFT) at the cafeteria of the Yokohama Office. TFT is a system to make donations for school meals in Africa by eating charitable meals at the cafeteria for executives and employees. In fiscal 2014, we were able to donate a total of 55,571 school meals. In fiscal 2015, we are spreading this activity to other offices. In the future, we plan to extend this activity to all group companies, including those overseas.

TFT donations **55,571** meals



TFT activities that provide donations for school meals to children in Africa (photo provided by TABLE FOR TWO)

## Internships and plant tours

We offer internships to provide work experience and plant tours.

We provide internships at our manufacturing plants as well as our design and development divisions, providing valuable work experiences in different areas every year. In fiscal 2014, we received requests from internships public organizations to internship opportunities to foreign students studying in Japan. We will respond positively to demand for places where high school and university students are offered the invaluable experience of an actual workplace.



Providing a variety of internships

## Sponsoring and collaborating with local events

We sponsor, collaborate with and support local events in the communities where we operate.

- Volunteering for the Yokohama Marathon  
Employees of NHK Spring and other Group companies volunteered during the Yokohama Marathon 2015 held in March 2015. This year's event marks the first full marathon event in Yokohama which citizens can participate. The NHK Group manned one water supply station to provide sports drinks and water to runners while cheering them onward.



Volunteering for the Yokohama Marathon

Our main efforts in fiscal 2014 were:

- Yokohama International Costume Parade (The Yokohama Parade)
- Yokohama Sparkling Twilight
- Yokohama Triennale
- Tenryu Riverbank aqueous environs picnic (Ina, Komagane)
- Kids Engineer 2014
- Student Formula SAE Competition of Japan
- Yokohama Mother's Chorus
- The Kanazawa Festival (Kanazawa Ward, Yokohama City)
- Cleaning of the Sawarabi Workshop, a welfare facility people with disabilities (Shiga Prefecture)
- Kushiro Children's Museum (participation in special exhibit)

We also contributed to the use of the gymnasium for the Special Olympics Nippon/Kanagawa, which supports people with intellectual disabilities, installation of vending machines, and supplied photos and material on our products for some teaching materials.

In addition, each of our sites takes part in different events, working with local government and organizations.



Sponsoring the Yokohama Parade



Supporting an event to deepen understanding of springs from the request of Kushiro Children's Museum

## Group company involvement

Our Group companies engage in different activities, according to where they are.

### Proactive support of internships and scholarships [NHK Spring Thailand]

NHK Spring Thailand provides internships and scholarships to high school and university students. We hope to contribute in further growth of the next-generation through providing such initiatives to enable their growth.



Offering students valuable work experience through one of our internships



Scholarships are awarded to promising young students

### Holding events rooted in local areas [Sumihatsu]

Sumihatsu holds many different events primarily in Sakuragawa City in Ibaraki Prefecture, which is where their Tsukuba Plant is located. Events for children include the Sumihatsu Cup soccer tournament for elementary school students and sponsorship of baseball tournaments for junior high school students. We also hold a summer festival every year within our offices and invite local residents in addition to employees and their families.



The summer festival is extremely popular with local children

# [Suppliers]

We have established basic policies on procurement, and we encourage green procurement according to our own guidelines.

## Basic procurement policies

We follow three basic principles in procurement: building long-term partnerships based on mutual trust; fair, equitable and open procurement; and compliance with the law and maintaining confidentiality.

### Basic Policies for Purchasing Supplies

- **Building long-term partnerships based on mutual trust**  
We aim to build long-term relationships of trust with our favored partners through fair dealings in which both parties do their best. This way we can grow together.
- **Fair, equitable and open procurement**  
We are open to all suppliers, regardless of country of origin, size or affiliations. We select our suppliers on the basis of quality, price, delivery times, service, and technical and developmental capacity.
- **Compliance with the law and maintaining confidentiality**  
We observe the law and relevant social norms in procurement. We do not make any unauthorized disclosures to any third party of any confidential information we may acquire about our suppliers.

## NHK Spring Group Partners Meeting

We invite representatives from our trading partners including suppliers to our Group companies to the NHK Spring Group Partners Meeting once a year. We use the meetings to explain the fiscal year policies and the issues concerning us. We aim to further strengthen cooperation and understanding from our partners.

The Procurement Division describes our business environment and our basic approach to purchasing policy. The Engineering Division explains our policies and targets for quality and how the manufacturing divisions as well as business divisions are dealing with quality, seeking cooperation in improving quality.



NHK Spring Group Partners Meeting held to strengthen ties with our suppliers

## Green procurement

We have established Green Procurement Guidelines based on our basic procurement policy, which means that we try to buy low environmental impact products from organizations that care for the environment. We work with our suppliers, encouraging them to manage substances that impact the environment at every stage, from design, through production to shipment. We also try to reduce the burden on the environment from waste.

Since fiscal 2009 update, we have reviewed national and international laws related to substances that have environmental impact contained in products and made a third revision to our policies in fiscal 2014.



Green Procurement Guidelines

## OICE

**Toshimichi Ishikawa**  
Deputy General Manager  
Fine Optronics Operations  
Dai Nippon Printing Co., Ltd



## Continuing to provide better and better products

We have worked with the NHK Spring HDD suspension business as a supplier for nearly 30 years now. At start, we did not have wired flexure structures as we do now, but we were selected for our etching microfabrication capability of single layer stainless steel. From there, we managed to keep up with and support NHK Spring as they chose to become a major HDD manufacturer. Nowadays, wired flexure structures and load beams are used as suspension parts.

We agree with the Guiding Principles of NHK Spring, such as "Ceaseless excellence" and "Continuous progress," which match our corporate stance. We are thankful for the warm support we receive from NHK Spring, such as when trying to resolve issues during development.

As various needs are expected to arise due to increase in capacity and technological innovations in the HDD industry continues to grow, I fully expect NHK Spring to continue growing as an industry leader. In effort to live up to the honor of receiving the Best Partner Award from NHK Spring this year, we will continue to provide better and better products.

# Environmental Report

## [Environmental Voluntary Action Plan]

We have established the Global Environmental Activities Plan and Global Environmental Activities Guidelines for involvement in a broad range of global environmental issues. We published them in May 1993 as our Environmental Voluntary Action Plan, and we draw up our Environmental Activities Policies each year on that basis.

### Global Environmental Activities Guidelines

Our Group's Corporate Philosophy is to declare that our business activities will strive for harmonious coexistence with the global environment.

#### Global Environmental Activities Guidelines

- 1. Actively involve environmental conservation at all stages of the life of products, from design through production to disposal.**
  - 1) Look for ways to use resources efficiently, and make every effort to save resources and recycle.
  - 2) Set our energy saving target at over 1% improvement in unit energy consumption to sales per year to promote energy saving.
  - 3) Aim for zero emissions in production activities to encourage cutting waste and saving resources.
- 2. Encourage the development of technology to solve global environmental problems and contribute to saving the environment.**
- 3. As NHK Spring, be involved in the environment and take an active part in saving the social and local environment.**

### Global Environmental Activities Plan

We identify important areas we should be involved in on the basis of our Global Environmental Activities Guidelines. We then set specific objectives and targets and plan what we must do to achieve them.

#### Main concerns

- Reducing CO<sub>2</sub>
- Reducing waste
- Lifting recycling
- Compliance with various environmental laws and regulations
- Reducing and managing pollutants
- Contributing to local communities & environmental protection
- Promoting energy-saving products

#### Global Environmental Activities Plan

- 1. Framework to encourage activities**

Operating the Global Environmental Measures Committee and encouraging protection of the environment across the entire Group.
- 2. Involvement in specific issues**
  - 1) Saving energy and reducing CO<sub>2</sub>
  - 2) Involvement in the recycling-oriented society
  - 3) Encouraging green procurement at a global level
  - 4) Product design and technical development taking account of impact on the environment
  - 5) Reducing toxic chemicals
  - 6) Preventing environmental accidents
  - 7) Streamlining logistics
  - 8) Running and upgrading environmental management systems (EMS)
- 3. Publicity and social activities**

We recognize our corporate social responsibilities (CSR), and develop environmental conservation activities throughout the company, which will widely gain the empathy of local communities and the general public.
- 4. Activities overseas**

We are actively involved in the actual preservation of the environment and observe local environmental rules. We also protect the environment through technology transfer, etc. having regard to local social and economic conditions.

### Environmental Activities Policies

Based on our Environmental Activities Policies set up each year, we tackle global environmental problems from the Group and global viewpoints.

Since we achieved the CO<sub>2</sub> reduction target of the previous fiscal year, in fiscal 2015, we are further developing energy saving and resource saving activities globally.

For waste, we will continue with domestic zero emissions, and continue to limit emissions and cost. We also aim to improve recycling at our overseas bases.

We will systematically conduct management of environmental load substances, update environmental equipment, and respond to facilities subject to laws and regulations.

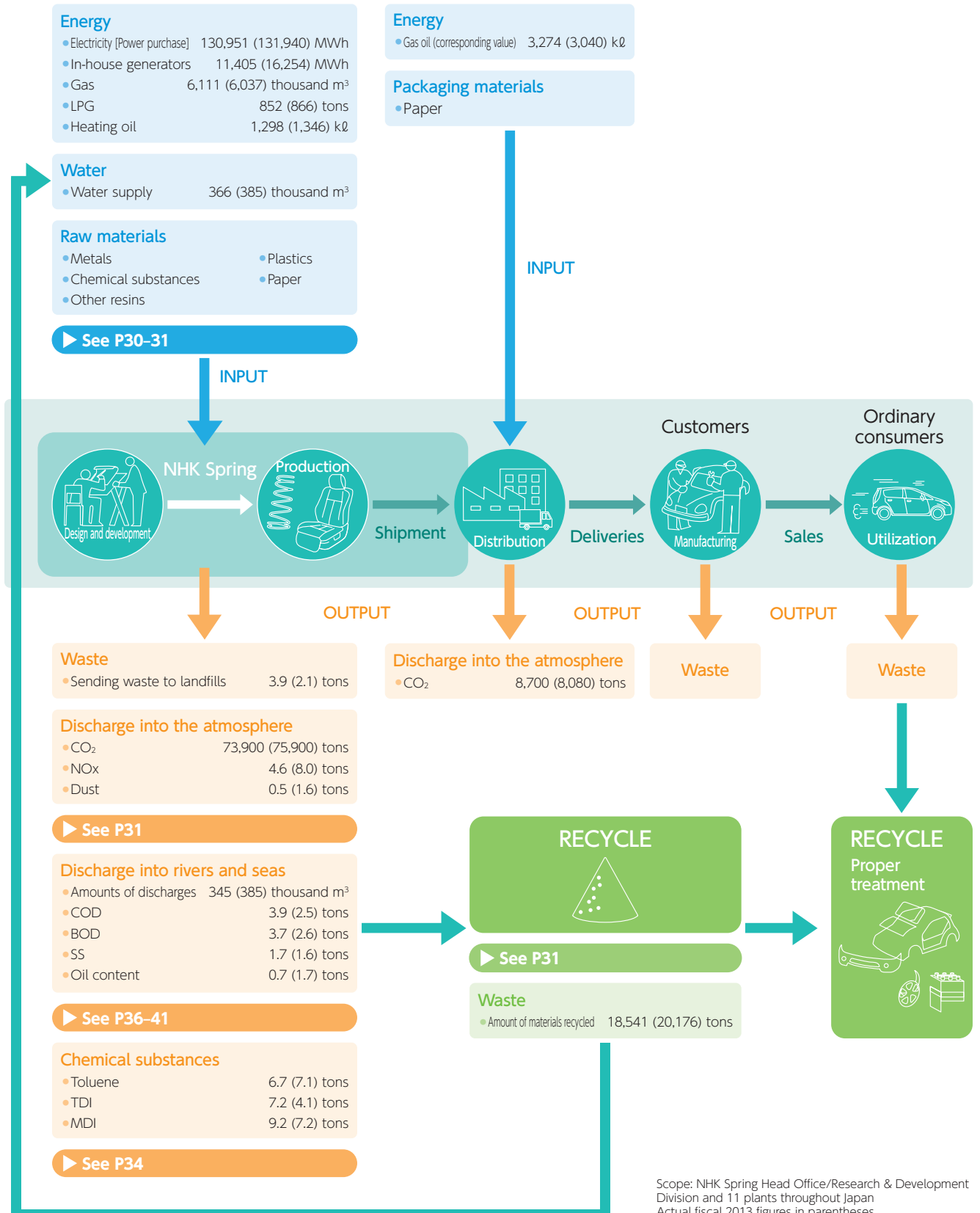
#### Environmental Activities Policies 2015

- 1. Encourage global environmental management**
  - 1) Continuing and broadening our CO<sub>2</sub> reductions
  - 2) Maintaining zero emissions\* and continuing to reduce waste
  - 3) Encouraging management of substances of concern (SOC)
- 2. Maintain 'zero' global environmental incidents**
  - 1) Maintaining and stepping up environmental management
  - 2) Maintaining compliance with environmental laws and regulations complying with new laws and regulations
  - 3) Maintaining environmental facilities in operation and protecting them

\*Group-wide definition for "zero emissions":  
Recycling rate of 99.0% or better, also regards thermal recycling as recycling

# [ Business activities and the product lifecycle ]

We are working to reduce the burden on the environment by understanding the overall business in terms of product lifecycles and quantifying inputs and outputs wherever possible. We also aim to bring about a recycling society by recycling waste.



# [Systems to encourage environmental conservation]

Our Global Environmental Measures Committee is at the center of our efforts to promote and implement our Environmental Voluntary Action Plan. Our ongoing environmental activities follow the PDCA cycle.

## Organization

The Global Environmental Measures Committee deliberates on all details of environmental activities conducted within the NHK Spring Group and then uses the results to draw up and implement the Global Environmental Activities Plan. There are two lower-level committees set up under the Committee, the CO<sub>2</sub> Reduction Committee and the Promotion of Waste Reduction Committee, which work to implement CO<sub>2</sub> reduction and waste product reduction activities.

Chemicals, such as environmentally hazardous substances and compliance with environmental laws, are managed in conjunction with the management departments at each plant.

The Affiliates Environmental Liaison Committee was also created under the Global Environmental Measures Committee as a lower-level committee that works as part of global environmental conservation activities by the NHK Spring Group. It more actively encourages action to protect the environment by our Group including our overseas Group companies.

In addition, we launched a Zero Waste Project (→P30) in November 2000, targeting zero emissions as part of our involvement in building a recycling society. We achieved zero emissions from our Yokohama Office in 2003, and we extended this to all plants in 2004. In 2010, we further increased efforts and succeeded in achieving a recycling rate of 100% in NHK Spring.

The Group companies in Japan carried out initiatives aimed at zero emissions from 2005, and achieved the target in 2009. As well as maintaining the domestic zero emissions in Japan, we are making efforts to reduce the amount of waste. In overseas, we are making efforts aimed at achieving zero emissions.

2010 recycling rate Achieved **100%**

### System for encouraging environmental protection



## Working closely in local communities to preserve the environment

Our Yokohama Office holds a Green Walk every year. This event aims to contribute to a recycling-oriented society through environmental beautifying the local community. Employees and their families from NHK Spring and other nearby Group companies take part. We raise awareness of preserving the environment through the daily 5S activities in the office and through beautifying the local community.

All our other plants are firmly grounded in their local areas. They also continue to take part in cleaning up their surroundings and local events.



Families of employees also participate wearing matching jackets



New employees who joined the company this year also enthusiastically join in

## OICE

**Takashi Yonezawa**  
Manager, Safety & Environmental Activities  
Department, Engineering Division



## Making efforts to reduce waste and achieving the target

The NHK Spring Group is involved with global environmental issues and has had arrangements in place for the environment since 1992 when it began issuing the Global Environmental Activities Guidelines. Specifically, we systematically respond to challenges such as reduction of CO<sub>2</sub>, waste recycling and chemical management by setting appropriate targets, and strive to improve environmental performance.

In fiscal 2014, we also made efforts to reduce waste. As a result, we reduced waste by 7.9% year-on-year by improving production efficiency and simplification of packaging, achieving our voluntary target.

In addition, through turning waste into useful resources, we take care to carry out high quality recycling. In order to achieve our various future goals, we will proceed with the sharing of external information and educational activities.



# [ ISO 14001 ]

As an organization, we are involved in protecting the environment, and we have gained ISO 14001 international certification for our environmental management systems.

## NHK Spring certification status

We began preparing to gain certification in 1996, and our Yokohama Plant (Suspension Spring Division) was the first in the industry to reach certification in January 1997. This was the beginning; we then gained certification for three plants a year, with the last of our 11 Japanese plants being certified in April 2001.

ISO 14001 certification **11** Plants (Japan)

### ■ Dates NHK Spring acquired ISO 14001 certification

Divisions	Plants	Dates acquired
Suspension Spring Division	Yokohama Plant (Suspension Springs)	January 1997
	Shiga Plant	March 1998
Seating Division	Gunma Plant	March 1998
	Yokohama Plant (Seating)	May 1999
Precision Spring & Components Division	Toyota Plant	March 1999
	Ina Plant	June 1999
DDS (Disk Drive Suspension) Division	Atsugi Plant	November 2000
	Komagane Plant (DDS)	June 2000
Industrial Machinery & Equipment Division	Isehara Plant	April 2001
	Komagane Plant (Industrial Machinery & Equipment)	November 1998
	Yasu Plant	August 2000

## Certification status of Group companies

### Domestic Group companies

All 16 of our Group companies that are members of the Joint Safety and Environment Subcommittee of the Engineering Department of the NHK Spring Mutsumi-kai have acquired ISO 14001 certification.

### Overseas Group companies

The NHK Spring Group also encourages its overseas Group companies to acquire ISO 14001 certification. As of 2015, 16 overseas Group companies had done so, and others are working towards it.

ISO 14001 certified Group Companies

**16** companies (Japan), **16** companies (Overseas)

### ■ Dates Group companies acquired ISO 14001 certification

Region	Group companies	Dates acquired
Domestic	NHK Sales Co., Ltd.	October 2002
	NHK Spring Production Company	August 2001
	Sumihatsu Co., Ltd.	October 2003
	Horikiri, Inc.	May 2001
	Tohoku Nippatsu Co., Ltd.	September 2004
	Ites Co., Ltd.	April 2007
	Faurecia-NHK Kyushu Co., Ltd.	March 2005
	Sindai Co., Ltd.	May 2007
	Uniflex Co., Ltd.	October 2003
	Ayase Seimitsu Co., Ltd.	March 2006
	Tokuhatsu Co., Ltd.	April 2002
	NHK Precision Co., Ltd.	February 2006
	NHK MEC Corporation	March 2002
	Nippon Shaft Co., Ltd.	November 2003
	Topura Co., Ltd.	November 2001
	Yokohama Kiko Co., Ltd.	August 2001
North, Central and South America	New Mather Metals, Inc.	July 2003
	NHK of America Suspension Components Inc.	January 2003
	NHK Seating of America Inc.	September 2004
Asia	Rassini-NHK Autopeças Ltda.	May 2002
	NHK Spring (Thailand) Co., Ltd.	June 2000
	NHK Precision (Thailand) Co., Ltd.	January 2005
	Autrans (Thailand) Co., Ltd.	May 2004
	NHK Manufacturing (Malaysia) SDN. BHD.	August 2001
	NHK-Uni Spring (Guangzhou) Co., Ltd.	March 2005
	NHK Spring Precision (Guangzhou) Co., Ltd.	December 2005
	NAT Peripheral (Dong Guan) Co., Ltd.	October 2005
	Uni Auto Parts Manufacture Co., Ltd.	March 2006
	NHK Spring India Ltd.	October 2003
	NSP	October 2014
NACI	January 2010	
Europe	Ibérica de Suspensiones, S.L.	December 2003

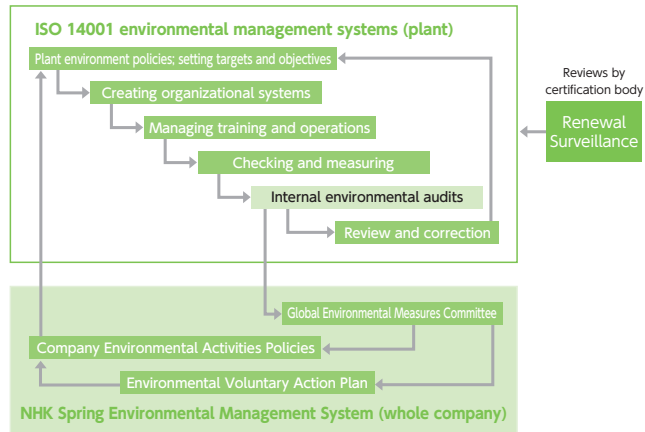
# [Environmental auditing]

We practice proper management according to environmental manuals, and we conduct environmental audits to achieve effective environmental performance.

## ISO 14001 and environmental auditing

By conducting environmental audits, the NHK Spring Group checks whether Group company environmental management systems are functioning correctly according to ISO 14001. Environmental audits also help us comply with the laws on the environment, improve our environmental performance, isolate areas that need improvement, and lift our management capacity.

### Environmental management and environmental auditing



### Environmental auditing

The members of our environmental audit team conducting audits have completed special training. As well as conducting internal environmental audits at each plant in fiscal 2014, for the four Group companies in Japan and two overseas Group companies, environmental audits were performed by NHK Spring headquarters. This ensured that our systems were functioning properly and we were improving our performance.

The results of audits are reported to plant managers and presidents of Group companies for prompt remedial or corrective action. The results of audits are also reported to the Global Environmental Measures Committee. Where necessary they are incorporated into the Environmental Activities Policies and Environmental Voluntary Action Plan.



Overseas environmental auditing

### External audits

External audits are conducted by external certification bodies to check that our environmental management systems meet and are being operated according to the requirements of ISO 14001. Surveillance audits are in principle conducted annually, with renewal audits once every three years.

All 11 plants and one office received external audits in fiscal 2014; three plants and one office had surveillance audits, and eight plants had a renewal audit. In addition, we integrated certification at the Isehara Plant during the STS Division relocation. The audits found that the plants and environmental management systems were being run correctly, that pollution was being prevented, and that we were making continuing efforts to improve.

### Fiscal 2014 external audits

**3** plants (surveillance audits), **8** plants (renewal audits)

### OICE

**Kenji Terakado**

Manager, Manufacturing Section  
Integrated Ceramics & Metals Department  
Isehara Plant, Industrial Machinery & Equipment Division



### Four consecutive years of zero nonconformity through cooperation from all divisions

The Isehara Plant is richly endowed with nature with Tanzawa on its north and Sagami Bay on its south. Separation of waste was carried out steadily, and we continue our 100% recycling rate with the participation of all employees as we have done for the last ten years. Moreover, by raising the productivity of the electric furnaces which represent nearly 40% of the entire energy consumption in the plant, to promote energy saving. In addition, through environmental education, we recognize the importance of environmental conservation, and strive to make conservation activities part of everyday life. With the cooperation of all divisions, we have continued to achieve zero nonconformity for four consecutive years since 2011. All divisions are improving year by year, aiming for a more environmentally-friendly plant.

# Environmental education and consciousness-raising

We conduct a variety of environmental education and consciousness-raising activities to ensure that all our employees carry out their regular jobs with knowledge of the environment and a high level of awareness of the issues.

## Environmental education

Raising the environmental consciousness of individual employees is important to carrying environmental work forward. Our Group has an excellent in-house training system to extend awareness of environmental issues, including a range of environmental education programs, training for internal environmental auditors, and encouragement to acquire external qualifications.

At NHK Spring, we offer different levels of education for all employees, as well as specialist training for staff with particular environmental responsibilities. General environmental education at different levels is included in our staff training program and is repeated with promotion. Specialist education is provided when staff begin new positions, and regular skill upgrading is also provided.

In fiscal 2009, we started sending out staff to train our domestic Group companies as part of our Group environmental work.

### Contents of environmental education

Education at different levels		
Recipients	Content of training	
Training for new employees	Global environmental issues, environmental management systems, and requirements for environmental laws and regulations and efforts made by NHK Spring	
Training for new assistant managers		
Training for new senior staff		
Training for new executives		
Specialist education		
Recipients	Content of training	
Internal environmental auditors	Training and education	Internal environmental auditor training and refresher courses
	Skills upgrading training	Environmental auditor workshops for lead auditors
Overseas secondees (expatriates)	Environmental management system, overseas environmental laws, NHK Group environmental requirements	

### Numbers of staff with environmental qualifications (as of June 2015) (Units: Persons)

Qualification	Classification		Numbers holding qualifications
Pollution prevention management	Air	Type 1	8
		Other	25
	Water quality	Type 1	7
		Other	25
	Noise		39
Vibration		34	
Environmental management system auditors	Assistant auditor		2
Working environment measurement experts	Type 1	Dust	6
		Special chemicals	5
		Metals	2
	Organic solvents	5	
	Type 2		6
Certified environmental measurers	Level-related		2
Specially controlled industrial waste managers			39
Qualified persons for energy management			33
Energy managers for Type 2 Designated Energy Management Factories			5

Environment-related qualified persons

**243** people

## Consciousness-raising activities

Every year from 1992 to 2012, we held an annual "Global Environment Forum" in June, which is Environment Month. This involved raising the awareness of the employees of NHK Spring and our Group through environment exhibitions, seminars, and examples of outstanding environmental work. From fiscal 2013, we have held the "NHK Spring Group Forum," jointly held with the NHK Spring Group technology exchange platform "Technical Forum."

We also give awards for the best CO<sub>2</sub> reduction and environmental slogan during the fiscal year to promote proactive environmental conservation activities among employees.

We also carry news of our involvement with the environment, through company newsletters, the intranet and company notice boards, to develop activities horizontally across the NHK Spring Group.



NHK Spring Group Forum lecture and exhibit on the environment

### VOICE

**Hirofumi Tanaka**  
Shiga Plant, Engineering & improvement manager  
Suspension Spring Division



### Continuing activities through employee environmental education

Shiga plant is located in Shiga Prefecture, the home of Lake Biwa, the No.1 lake of Japan. In order to pass on the nature overlooking the beautiful Lake Biwa to future generations, we aim to develop plants in consideration of environmental conservation. The ongoing focused activities at the Shiga plant are as follows:

1. Establish an Environment Dojo and hold educational activities to raise awareness and various checks of all employees
2. Replace compressors, air conditioners, transformers, lightings, etc. to energy-saving equipment
3. Thorough closing of air source valves and switching control panel breakers off when not in use, and promotion of air leakage inspections

Through these activities, we will continue our voluntary environmental conservation activities.

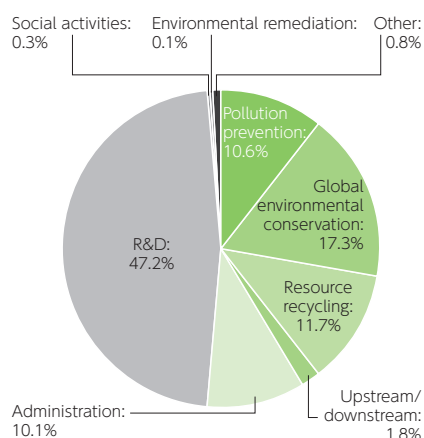
# [Environmental accounting]

We identify the costs and effects of our environmental conservation activities in environmental accounting, and we use this in running the company.

## Fiscal 2014 environmental accounts - classifications and results

We introduced environmental accounting in fiscal 2000. Our accounts show collections of data under the following nine headings, based on the Ministry of the Environment's Environmental Accounting Guidelines (2005 edition).

Using the fixed standard we have set, we calculate our fiscal 2014 expenditure on supporting the environment at a total of ¥1,236 million. The breakdown is shown in the table on the right, but due to issues including a review of R&D themes, the R&D and administration costs increased over fiscal 2013.



### Fiscal 2014 - Cost of environmental conservation

(Units: ¥ million/year)

Classification of costs	Main elements	Value* in FY 2013	Value* in FY 2014
1) Pollution prevention	Maintenance of effluent treatment facilities and dust collectors, measurement and monitoring of air and water quality and noise, and other preventive measures	148.4	131.6
2) Global environmental conservation	Preservation of green areas around plants, energy-saving measures, warming prevention, etc.	260.6	214.1
3) Resource recycling	Waste treatment, zero emissions measures, office recycling, etc.	152.8	144.2
4) Upstream/downstream	Limiting environmental burdens from our suppliers and customers associated with our own production activities (green purchasing, product recycling, reduced packaging, and so on)	16.6	22.0
5) Administration	Waste manifest management, ISO 14001 maintenance and renewal inspections and ISO 14001 office personnel costs, reporting to the government, etc.	104.2	125.1
6) R&D	Research to reduce environmental loads and development of products to contribute to reducing environmental loads	454.0	583.9
7) Social activities	Social service activities (cleaning waterways and surroundings of plants), etc.	5.6	4.3
8) Environmental remediation	Remediating environmental damage to surroundings	0.5	0.7
9) Other	Other environmental conservation work	13.6	10.4
<b>Total</b>		<b>1,156.3</b>	<b>1,236.2</b>

\* Value: Totals of Environmental Investments and Environmental Conservation

### Fiscal 2014 - Cost of environmental conservation

**1,236** million yen

## Classification and performance of fiscal 2014 investments

The following table shows our performance in fiscal 2014. We have been maintaining low volume of waste landfill since fiscal 2013 as a result of promoting recovering resources. The unit consumption of energy use and CO<sub>2</sub> decreased, but the waste

treatment cost and energy cost unit consumption increased due to resource recovery costs and the rise in various unit costs. We will continue to make improvements for cost-effective investments in the future.

### Performance of fiscal 2014 investment effects

	Material effects*1			Economic effects*2			Assessment
	FY 2013 performance	FY 2014 performance	Effects	FY 2013 performance	FY 2014 performance	Effects	
Energy use per unit output (GJ/¥ million)*3	11.52	10.65	(0.87)	-	-	-	○
CO <sub>2</sub> per unit output (thousand kgC/¥ million)*3	0.132	0.121	(0.0011)	-	-	-	○
Wastes to landfill (tons/year)	2.1	3.9	1.8	-	-	-	△
Wastes recycled (tons/year)	20,176	18,541	(1,635)	-	-	-	○
Energy costs per unit output (¥/¥ thousand)*3	-	-	-	20.6	20.7	0.10	△*4
Waste treatment costs per unit output (¥/¥ thousand)*3	-	-	-	0.58	0.59	0.01	△

\*1 Material effects: Reduction in environmental pollutants, etc. \*2 Economic effects: Energy savings and cost reduction on waste, etc.  
\*3 Unit output: Values to Sales \*4 Due to increased unit energy costs

# [NHK Spring involvement at production sites]

We encourage reducing electricity use and saving energy, and encourage making energy use more visible (transparent); we also practice energy management through electricity monitoring and other initiatives. We continue our zero emissions work through recycling.

## Energy-saving equipment

### Use of solar energy

We installed solar power generators at our DDS Komagane Plant in 2008, our Yokohama Office in 2009, and our Seating Division Gunma Plant in 2012. We make extensive use of renewable solar energy to promote energy saving and reducing CO<sub>2</sub> emissions.



DDS Komagane Plant  
(20 kW)  
Commissioned 2008

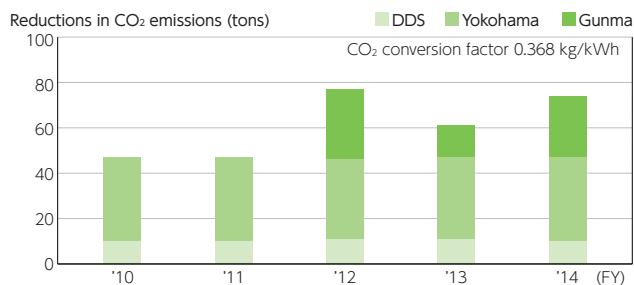
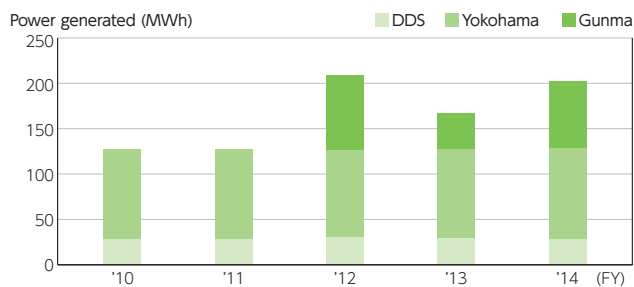


Yokohama Office  
(100 kW)  
Commissioned 2009



Seating Division Gunma  
Plant (56 kW)  
Commissioned 2012

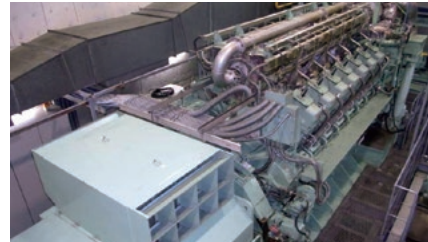
### NHK Spring solar generation performance



\*In fiscal 2013, because of a malfunction in the control system, electric power generation dropped (restored)

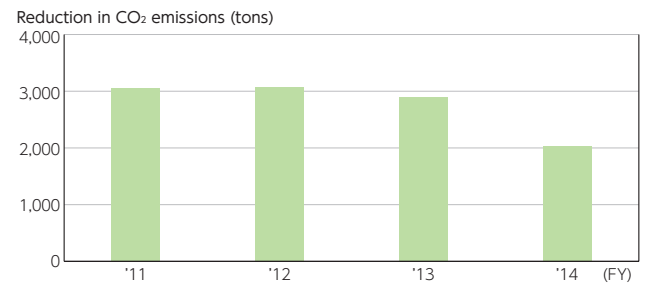
### Use of private power generation

We operate private electricity generators at our Isehara Plant and other plants to save energy and combat power shortages. We have been operating cogeneration power generation facilities at our Yokohama Office, but since the ESCO contract ended, and due to rising city gas prices, we stopped operations at the end of January 2015.



Yokohama Office  
Cogeneration equipment  
(4,450 kW)  
Commissioned 2005

### Yokohama Office cogeneration performance



## Zero emissions

To play our part in an environmental-friendly society, we have set up a recycling center and established a Zero Waste Project. These are intended to reduce wastes and reuse and recycle resources.

### Recovering resources from waste plastic

We store and transport plastic films after making them compact with a compactor, and recover resources by a suitable waste processor.

### On-site checks of waste processors

We conduct regular checks of waste processors to confirm that they are treating our wastes according to contract, in order to ensure that our zero emissions policies are being implemented.



Checking processor on site

# [NHK Spring fiscal 2014 targets and performance]

We approach energy saving, reducing CO<sub>2</sub> emissions, recycling wastes and reducing pollutants in production in a planned way, setting specific targets to be achieved.

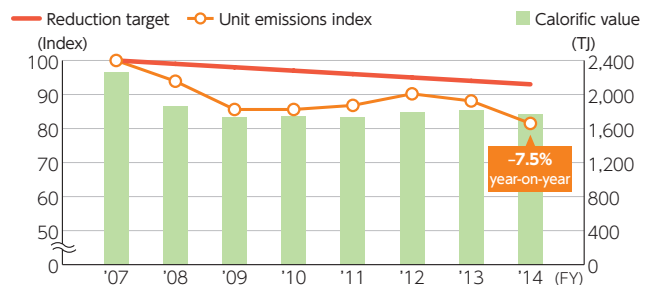
## Energy saving

NHK Spring has long been aware of environmental preservation issues and has been involved in energy saving. We have had these matters under consideration in energy saving subcommittees and working groups since moving our head office, and Suspension Spring and Seating divisions (plants) to Yokohama in 1991. We are currently continuing with energy saving initiatives at all our plants. The unit energy consumption for fiscal 2014 was 7.5% less year-on-year, achieving the annual goal.

Targets		
Unit energy consumption to sales: Annual reduction of 1% (based on fiscal 2007) (Under the Law Concerning the Rational Use of Energy, evaluation criteria of factories for rationalization of energy use)		
FY 2014 target	FY 2014 actual	Assessment
Target unit consumption* <b>93.0</b>	Unit consumption <b>81.5</b>	

\*Target unit consumption: Targeted reduction with fiscal 2007 unit consumption as 100

### Movements in target and actual energy consumption to sales



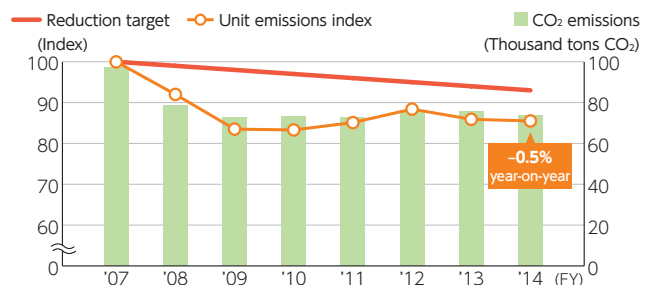
## Reduction in CO<sub>2</sub> emissions

We established a CO<sub>2</sub> Reduction Committee in 2008 for our involvement with our domestic Group companies in efforts to reduce CO<sub>2</sub> emissions. There are specific targets for reducing CO<sub>2</sub> emissions for the whole Group, and we are making efforts to prevent global warming. However, our unit CO<sub>2</sub> emissions for fiscal 2014 decreased by 0.5% over the previous year due to effects from increased new order receipts and the weaker yen, allowing us to meet our yearly targets.

Targets		
Net sales CO <sub>2</sub> unit consumption: Annual reduction of 1% (based on fiscal 2007) (According to Japan Auto Parts Industries Association Seventh Environmental Voluntary Action Plan)		
FY 2014 target	FY 2014 actual	Assessment
Target unit consumption* <b>93.0</b>	Unit consumption <b>85.5</b>	

\*Target unit consumption: Targeted reduction with fiscal 2007 unit consumption as 100

### Movements in target and actual CO<sub>2</sub> emissions



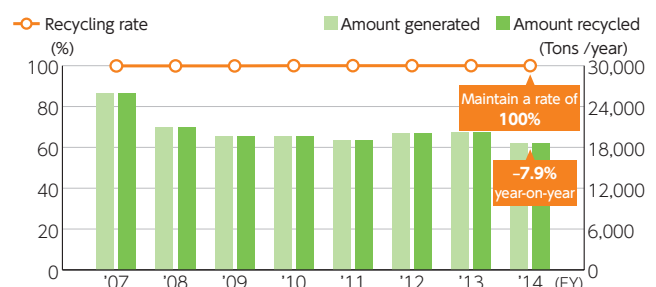
## Recycling of waste

We have a target of zero emissions.\* To reach it, we are involved in reducing the amount of waste going to landfill, lifting our recycling rate, and reducing our output of waste. We achieved this at our Yokohama facility by the end of fiscal 2002. We extended our efforts throughout the company from fiscal 2003, and to our domestic Group companies in fiscal 2005. We have maintained a 100% recycling rate since first achieving it in fiscal 2010. In addition, by promoting productivity improvements and re-use of valuable materials, amount of waste has been reduced by 7.9% compared to the previous fiscal year.

Targets			
Maintain zero emissions across the entire company from fiscal 2005 (Recycling rate of at least 99.9% achieved since fiscal 2005)			
FY 2014 target	FY 2014 actual	Assessment	FY 2015 target
Recycling rate of Maintained at <b>100%</b>	Recycling rate of <b>100%</b> (at least 99.95%)		Continue recycling rate of <b>99%</b>

\*Zero emissions: Our definition of zero emissions is a recycling rate of at least 99%

### Movements in amounts of waste generated and recycled



# [Group company involvement]

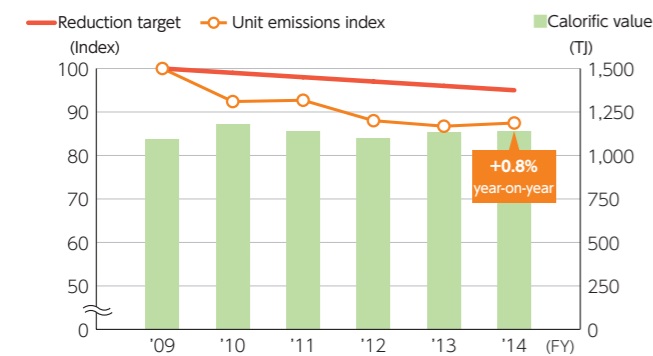
We involve the entire Group in our environmental conservation activities. They are all engaged in reducing environmental pollution.

## Domestic Group companies

### Energy saving

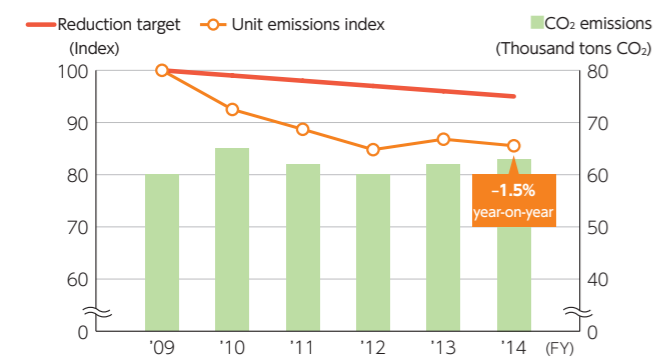
Our domestic Group companies are working with us to save energy, with a target of a 1% reduction annually in unit energy consumption to sales, with fiscal 2009 as the base year. In addition to promoting energy saving such as rationalization of production, we are striving to reduce CO<sub>2</sub> emissions by using furnace insulation. Through these reduction activities, we achieved our unit consumption targets for fiscal 2014 (energy, CO<sub>2</sub>).

### Movements in target and actual energy consumption to sales



\*Unit consumption in fiscal 2009 as 100  
\*Electric heat value coefficient = 8.81 GJ/1000 kWh

### Movements in target and actual CO<sub>2</sub> emissions



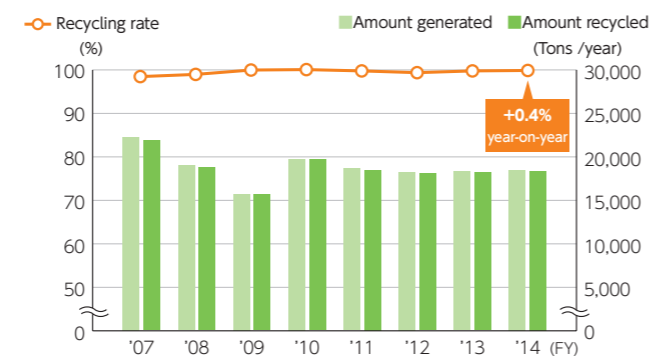
\*Unit consumption in fiscal 2009 as 100  
\*Electric CO<sub>2</sub> coefficient = 0.368 tons/1000 kWh

## Towards an environment-friendly society

The total amount of waste generated by NHK Spring Group companies in Japan in the 2014 was 18,414 tons. Of this, recycled was 18,318 tons was recycled, for a recycling rate of 99.5% an improvement of 0.1% from fiscal 2013.

As examples of recycling activities, we collected scrap metal and wood waste generated during manufacturing at NHK Precision Co., Ltd Yokote factory, and recycled it after proper storage. We are also promoting recycling activities for hydrous sludge.

### Movements in amounts of waste generated and recycled



Recycling of scrap metal and wood waste by NHK Precision Co., Ltd.

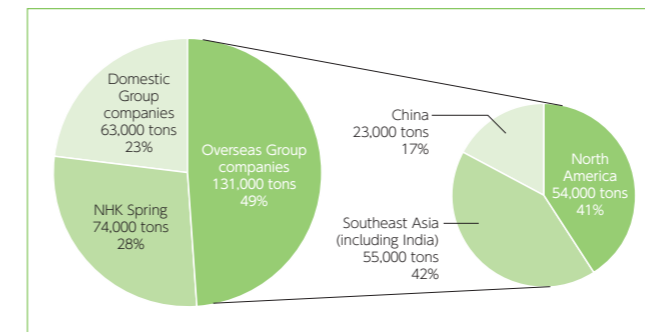
## Overseas Group companies

### CO<sub>2</sub> emissions

The volume of CO<sub>2</sub> emissions for overseas affiliated companies accounted for 49% of the whole Group, an increase of 5.6% compared to the previous fiscal year.

The breakdown was an increase of approximately 2,000 tons in North America, and 5,000 tons in Southeast Asia, with China at approximately the same level as the previous fiscal year. In the future we will continue diagnosis of plant energy saving, and promote activities to reduce CO<sub>2</sub> emissions.

### Fiscal 2014 CO<sub>2</sub> emissions by Group segment

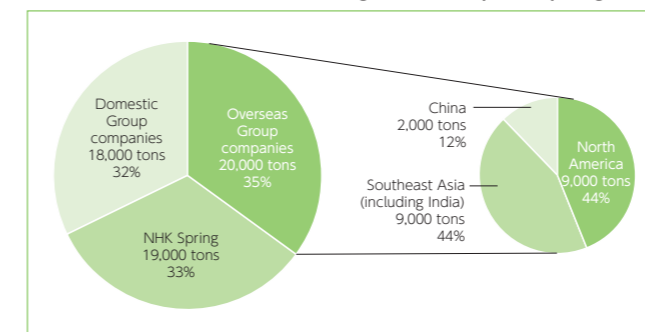


### Waste emissions

Amount of waste in Japan is on a downward trend, and there is a similar downward trend in the amount waste for overseas Group companies.

Amount of waste overseas for fiscal 2014 accounted for 35% of the whole group, decrease of 2% from the previous fiscal year. To promote voluntary recycling activities in the future, we will promote the effective utilization of waste by improving recycling.

### Fiscal 2014 volumes of waste generated by Group segment

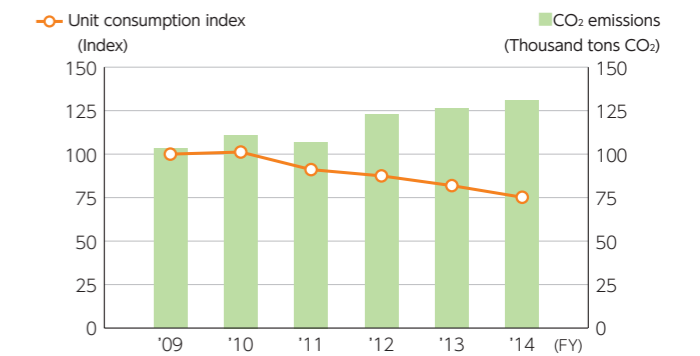


### Energy saving

Each of our companies implements energy saving activities in order to limit the energy used in production. Based on the findings of energy saving audits in the Group companies in Thailand and North America, we will implement planned improvements.

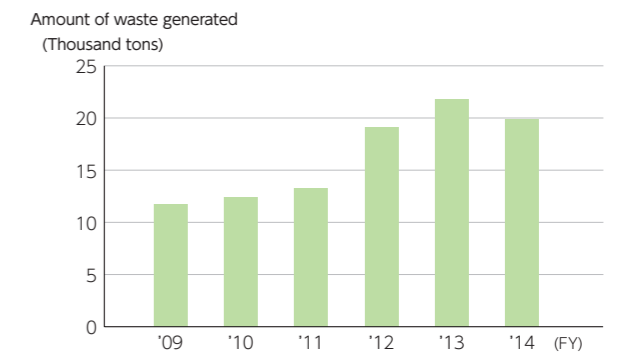
We will implement similar improvement activities as were carried out in Japan as well as in India and China, to progress energy saving actions throughout the Group overseas.

### Movements in CO<sub>2</sub> emissions in overseas Group companies (10 manufacturing companies)



\*Unit consumption in fiscal 2009 as 100

### Movements in waste generated in overseas Group companies (10 manufacturing companies)



## OICE

Sadaharu Ishikawa  
Sindai Co., Ltd.  
Safety & Environmental Director



### Promoting energy and resource saving and reducing waste through business activities

As one member of the NHK Spring Group, we will manufacture automobile seat components and their assembly (components) mainly in the four sites of Aichi, Suzuka, Oita and Yukuhashi. We have gained ISO14001 certification at all plants and are engaging in environmental improvement activities.

In fiscal 2014 we diligently advanced activities to reduce minor losses and waste, such as dutiful power saving, planned changes to energy-saving equipment and consolidation of equipment and processes, including between plants, and were able to achieve our CO<sub>2</sub> reduction target. In addition, we quantified inefficiencies such as waste generated in our plants as F cost, and are working to reduce it through quality improvement activities.

We will continue these environmental activities, and make efforts to shorten production time, and strive to maintain and improve the conservation of the global environment.

## Example of energy saving activities of the Group companies

### Energy conservation with new LED fixture [NHK Sales / NHK Spring Shiga factory]

Our Group companies are promoting a variety of energy-saving activities. As one example, the Group company NHK Sales employed in their Saitama depot a new lightweight LED high ceiling fixture developed by Group company Yokohama Kiko that was launched from May 2015. Also, not only within the Group, we also replaced mercury lamps with this product at our supplier Toyo Seiko. In the future, we also plan to install this product at our Shiga factory in September 2015.

While cooperating within our Group and with our suppliers, we will strive to further conserve energy.



New LED high ceiling fixtures installed at NHK Sales Saitama Depot

# [Managing and reducing pollutants]

We strive to properly manage and reduce pollutants according to our own standards, and the law and rules of the organizations we belong to.

## Pollutant Release and Transfer Register (PRTR) surveys

Since fiscal 1997, we have taken part in voluntary PRTR surveys organized by Nippon Keidanren (Japan Business Federation), in an effort to establish the amounts of pollutants that we handle, release and transfer.

We have been reporting data to the Ministry of Economy, Trade and Industry under the PRTR Law since June 2001. However, we have set up our own survey standards to quantify the use of chemical substances across all departments of the company.

Since fiscal 2005, our domestic Group companies have

conducted the same voluntary PRTR surveys in an effort to reduce the release of pollutants.

The table below lists each of the substances of which we handle a total of at least 0.1 tons per year.

From fiscal 2011, we continued to manage chemical substances so that we did not use substances of very high concern under European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations, and also those that we expected to be regulated in future.

### Results of fiscal 2014 survey of pollutant releases and transfers (April 1, 2014 - March 31, 2015)

(Units: Tons/year)

PRTR Law Cabinet Order No.	Name	Types of designated chemical compounds	Amount used yearly	Amount emitted						Amount moved	
				Atmosphere	Water quality	Soil	Buried on-site			Sewage system	Waste (subcont.)
							Stable	Managed	Isolated		
1	Zinc compounds (water-soluble)	Class I	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
20	2-aminoethanol	Class I	4.3	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.8
30	Linear alkylbenzenesulfonate	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
53	Ethyl benzene	Class I	22.1	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.1
71	Ferric chloride	Class I	11.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
80	Xylene	Class I	73.4	18.4	0.0	0.0	0.0	0.0	0.0	0.0	0.2
82	Silver and its water-soluble compounds	Class I	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
232	N,N-dimethylformamide	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
297	1,3,5-trimethylbenzene	Class I	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
298	Toluene diisocyanate (TDI)	Class I	1341.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.2
300	Toluene	Class I	45.0	22.6	0.0	0.0	0.0	0.0	0.0	0.0	6.7
309	Nickel compounds	Special Class I	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
355	Bis (2-ethylhexyl) phthalate	Class I	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
384	1-Bromopropane	Class I	13.0	10.6	0.0	0.0	0.0	0.0	0.0	0.0	2.4
405	Boron and its compounds	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
410	Polyoxyethylene nonylphenyl ether	Class I	1.3	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
412	Manganese and its compounds	Class I	135.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
448	Methylene diphenyl diisocyanate (MDI)	Class I	1757.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.2
455	Morpholine	Class I	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Total volume of PRTR substances			3410.5	58.9	0.0	0.0	0.0	0.0	0.0	5.2	29.1
Domestic Group companies											
1	Zinc compounds (water-soluble)	Class I	12.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7
20	2-aminoethanol	Class I	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
53	Ethyl benzene	Class I	36.9	35.3	0.0	0.0	0.0	0.0	0.0	1.0	0.3
80	Xylene	Class I	86.3	81.4	0.0	0.0	0.0	0.0	0.0	2.2	0.8
185	Dichloropentafluoropropane (HCFC225)	Class I	1.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.3
232	N,N-dimethylformamide	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
240	Styrene	Class I	37.8	14.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
296	1,2,4-trimethylbenzene	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
297	1,3,5-trimethylbenzene	Class I	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
298	Toluene diisocyanate (TDI)	Class I	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
300	Toluene	Class I	107.2	105.0	0.0	0.0	0.0	0.0	0.0	0.6	0.8
304	Lead and its compounds	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
309	Nickel compounds	Special Class I	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
354	Bis (n-butyl) phthalate	Class I	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
355	Bis (2-ethylhexyl) phthalate	Class I	2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
374	Fluorine compounds and their water-soluble salts	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
384	1-bromopropane	Class I	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3
392	n-hexane	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
412	Manganese and its compounds	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
448	Methylene diphenyl diisocyanate (MDI)	Class I	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total volume of PRTR substances			293.5	242.6	0.0	0.0	0.0	0.0	0.0	4.0	6.1

\*Industrial wastes include waste materials that have value or no value and that can be recycled. Excludes materials sold.

\*Volume moved when discharged into public sewage system



# [Progress in environmental activities]

	Progress by NHK Spring	Progress by domestic Group companies	Trends in society
2001	Feb.: 5th Revised Environmental Voluntary Action Plan Apr.: Isehara Plant gained ISO 14001 certification (all plants now certified) Jun.: 7th Global Environment Forum held	May: Horikiri gained ISO 14001 certification Aug.: Yokohama Kiko gained ISO 14001 certification Nov.: Topura gained ISO 14001 certification	Ministry of the Environment established Electric Appliance Recycling Law enacted
2002	Jan.: Recycling Center completed at Yokohama facility Feb.: 6th Revised Environmental Voluntary Action Plan May: 8th Global Environment Forum held Jun.: Received 10th Yokohama Environmental Conservation Work Award Dec.: Yokohama facility received Fiscal 2002 Kanagawa Global Environment Award	Mar.: NHK Teleflex Corporation gained ISO 14001 certification Apr.: Tokuhatsu gained ISO 14001 certification Oct.: NHK Sales gained ISO 14001 certification Oct.: NHK Spring Mutsumi-kai Technical Committee Global Environmental Issues Subcommittee launched	Soil Contamination Countermeasures Law announced Automobile Recycling Law announced Japan ratified the Kyoto Protocol
2003	Feb.: 7th Revised Environmental Voluntary Action Plan Mar.: Zero emissions achieved at Yokohama facility Jun.: 9th Global Environment Forum held	May: NHK Spring Mutsumi-kai Technical Committee Global Environmental Issues Subcommittee meeting Jul.: NHK Transport gained ISO 14001 certification Oct.: Sumihatsu gained ISO 14001 certification Oct.: Uniflex gained ISO 14001 certification Nov.: Nippon Shaft gained ISO 14001 certification	Automobile Recycling Law enacted Soil Contamination Countermeasures Law enacted Amended Law Concerning the Rational Use of Energy enacted
2004	Feb.: 8th Revised Environmental Voluntary Action Plan Jun.: 10th Global Environment Forum held Dec.: Atsugi Plant received Fiscal 2004 Kanagawa Global Environment Award	Jul.: NHK Spring Mutsumi-kai Technical Committee Global Environmental Issues Subcommittee meeting Sep.: Tohoku Nipatsu gained ISO 14001 certification	Amended Air Pollution Control Law announced
2005	Jan.: Yokohama facility received Commendation at PRTR Awards Feb.: 9th Revised Environmental Voluntary Action Plan May: 11th Global Environment Forum held	Mar.: Faurecia-NHK Kyushu gained ISO 14001 certification Mar.: SNIC gained ISO 14001 certification	Amended Automobile Recycling Law enacted Kyoto Protocol came into force
2006	Feb.: 10th Revised Environmental Voluntary Action Plan Jun.: 12th Global Environment Forum held Dec.: Isehara Plant received Fiscal 2006 Kanagawa Global Environment Award	Feb.: NHK Precision gained ISO 14001 certification Mar.: Ayase Seimitsu gained ISO 14001 certification	Amended Law Concerning the Rational Use of Energy enacted Amended Law Concerning the Promotion of Measures to Cope with Global Warming enacted
2007	Jun.: 13th Global Environment Forum held	Apr.: Ites gained ISO 14001 certification May: Sindai gained ISO 14001 certification	Amended Law Concerning the Recovery and Destruction of Fluorocarbons enacted
2008	Jun.: 11th Revised Environmental Voluntary Action Plan Jun.: 14th Global Environment Forum held	Jun.: Affiliates Environmental Liaison Committee announced	G8 Toyako Summit (Hokkaido)
2009	Feb.: Installed a solar electric generator panel at Yokohama facility Jun.: 15th Global Environment Forum held		G8 L'Aquila Summit (Italy)
2010	Jun.: 16th Global Environment Forum held	Feb.: NHK Transport gained Green Management certification Mar.: Domestic Group companies achieved zero emissions	Tenth Conference of the Parties to the Convention on Biological Diversity (COP10) Implementation of Amended Soil Contamination Countermeasures Act
2011	Jun.: 17th Global Environment Forum held		Implementation of Amended Water Pollution Control Act (Storage Facilities)
2012	Jun.: 18th Global Environment Forum held Nov.: Yokohama Office recognized as an Excellent office in 3Rs (Let's Reduce, Reuse and Recycle!) by Yokohama City		Implementation of Amended Water Pollution Control Act (Facilities using Hazardous Substances) First commitment period under Kyoto Agreement ended
2013	Feb.: Yokohama Office won the Energy Saving Award of Kanagawa Global Environment Prize Nov.: 24th NHK Spring Forum held (merged with the 19th Global Environmental Forum) Nov.: Yokohama Office received Yokohama City recognition for excellence in the 3Rs (Let's Reduce, Reuse and Recycle!) (two years in a row)	Dec.: Tokuhatsu Sanda Plant completed	Start of the Kyoto Protocol second commitment period (2013 - 2020)
2014	Oct.: Yokohama Office received energy efficiency field visit from the Ministry of Economy, Trade and Industry Nov.: 25th Global Environment Forum Nov.: Yokohama Office received Yokohama City recognition for excellence in the 3Rs (Let's Reduce, Reuse and Recycle!) (three years in a row)	Nov.: NHK Spring Production Company received climate change field survey based on the Kanagawa Prefecture ordinance Dec.: Tokuhatsu Sanda Plant received ISO 14001 certification (expanded authentication)	United Nations Climate Change Summit held Publication of the IPCC Fifth Assessment Report

## Head Office

### Research & Development Division, Engineering Division



Location: Kanazawa-ku, Yokohama  
Business areas and products: Planning, management, R&D  
Commenced operations: February 1991  
Employees: 410

#### Overview of our activities

Our Head Office is located in the same Yokohama office as our Suspension Spring and Seating Division. In cooperation with each production divisions, we operate with consideration for the surrounding environment, in particular, we take care to comply strictly in cooperation with local governments in terms of waste water, air, noise and waste.

#### Outlook and policies

As a Head Office function, we develop new products and energy-saving equipment, and support the environmental activities of the Group by providing various environmental education and environmental audits. In addition, by taking the lead with projects such as installing solar power generation panels and introducing LED lighting, the Yokohama Office is the driving force in overall Group environmental activities.

#### Fiscal 2014 and 2015 initiatives

##### Reducing CO<sub>2</sub> emissions

- In fiscal 2014, we updated the hot and cold water system in the welfare building to a high efficiency type. In addition, through continuing the visualization of the amount of energy used, we achieved the peak power target for the Yokohama Office.
- We will continue activities to eliminate waste and unevenness of energy use in fiscal 2015, aiming to achieve our targets.

##### Managing chemicals

- We issued the revised third edition of our Green Procurement Guidelines in March 2015, and reviewed our management of substance that impact the environment. In future, we will proceed with the safe operation of the chemicals used in our plants.

##### Reducing industrial waste

- During fiscal 2014, we implemented separation recycling of waste at the Head Office (including the Research & Development Division and the Security Technologies & Solutions Division) and activities to reduce emissions and costs. As a result, we were able to achieve our emissions target and recycling targets for the Head Office.
- In fiscal 2015, while maintaining the recycling (recycling rate), we will advance efficiency and reduce the amount of waste and processing costs in a planned manner.

#### ■ Atmosphere (Regulated values: Air Pollution Control Law, Yokohama Guidelines)

Substance	Equipment	Regulated value		Actual
		Maximum	Average	
NOx	Hot water boiler	A	0.042	0.005
		B	0.106	0.008
		C	0.106	0.008
	Cooling water generator	A	0.070	0.029
		B	0.047	0.037
		C	0.025	0.003
Dust	Hot water boiler	A	0.050	<0.004
		B	0.050	<0.002
		C	0.050	<0.007
	Cooling water generator	A	0.050	<0.002
		B	0.050	<0.002
		C	0.050	<0.005

NOx units: m<sup>3</sup> N/h Dust units: g/m<sup>3</sup> N

#### ■ Water quality: Main Building (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.2	6.3	6.9
Oil	5	3.5	0.5	1.6
Fe	3	<0.3	<0.3	<0.3
Zn	1	<0.1	<0.1	<0.1
Ni	1	<0.1	<0.1	<0.1
T-Cr	2	<0.2	<0.2	<0.2
Fluorine	8	<0.8	<0.8	<0.8
Phenols	0.5	<0.05	<0.05	<0.05
NH <sub>4</sub>	380	<0.3	<0.3	<0.3

Units: mg/l

#### ■ Water quality: R&D Building (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.7	6.6	7.1
Oil	5	2.2	0.5	1.2
Fe	3	0.5	<0.3	<0.3
Zn	1	0.1	<0.1	<0.1
Ni	1	<0.1	<0.1	<0.1
T-Cr	2	<0.2	<0.2	<0.2
NH <sub>4</sub>	380	1.5	0.9	1.3

Units: mg/l

## Suspension Spring Division

### Yokohama Plant



Location: Kanazawa-ku, Yokohama  
Products: Leaf springs, coil springs, and metal bellows  
Commenced operations: November 1987  
Employees: 470



**Takeshi Uchida**  
Plant Manager

#### Outlook and policies

In order to achieve "global environment-friendly spring manufacturing," our plants will make efforts to reduce CO<sub>2</sub> emissions through energy-saving activities, recycle, reuse valuable resources, and reduce industrial waste by making the production lines more efficient. In addition, while dealing flexibly with new challenges, such as power reduction requests, we aim to raise awareness of all employees on environmental issues, and will continue to contribute to the conservation of the global environment.

#### Fiscal 2014 and 2015 initiatives

##### Energy saving

- In fiscal 2014, we implemented energy saving activities such as reductions in gas and electricity consumption through introducing insulation of tempering furnace wall and a review of the operating method for baking furnaces, and reducing power consumption through exchanging mercury lamps with LED lighting.
- In fiscal 2015, along with the horizontal expansion of furnace wall insulation and the continuation of exchanging mercury lamps for LED lighting, we will strive to improve unit consumption through efficient operations and improving productivity of equipment.

##### Reducing industrial waste

- In fiscal 2014, in addition to conventional waste reduction activities, we promoted the turning waste into useful resources, and achieved the goal of a 2% reduction in both industrial waste emission index and industrial waste cost index compared to fiscal 2012.
- In fiscal 2015, we will promote waste reduction and recycling of waste into useful resources, aiming for a 3% reduction over fiscal 2012.

#### ■ Atmosphere (Regulated values: Air Pollution Control Law, Yokohama Guidelines)

Substance	Equipment	Regulated value		Actual	
		Maximum	Average		
NOx	Metal reheating furnace	A	0.128	0.119	
		B	0.110	0.038	
		C	0.212	0.038	
		D	0.169	0.046	
		E	0.119	0.113	
	Metal tempering furnace	A	0.202	0.022	
		B	0.123	0.002	
		C	0.104	0.045	
		D	0.085	0.013	
		E	0.059	0.003	
	Dust	Metal reheating furnace	A	0.1	0.005
			B	0.1	0.002
			C	0.1	<0.001
			D	0.1	<0.001
			E	0.1	<0.004
Metal tempering furnace		A	0.1	0.014	
		B	0.1	0.046	
		C	0.1	<0.003	
		D	0.1	0.060	
		E	0.1	0.039	

NOx units: m<sup>3</sup> N/h Dust units: g/m<sup>3</sup> N

#### ■ Water quality (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5~9	7.5	6.6	7.1
Oil	30	11.9	3.2	6.6
Animal and vegetable				
Mineral	5	2.9	0.1	0.3
Fe	3	<0.3	<0.3	<0.3
Zn	1	0.5	<0.1	0.2
Ni	1	0.9	0.1	0.4
Mn	1	<0.1	<0.1	<0.1
Fluorine	8	1.2	0.2	0.7
Boron	10	<0.1	<0.1	<0.1
Total nitrogen	120	*127	41	63
Total phosphorus	16	0.5	0.1	0.2
NH <sub>4</sub>	380	120	27	53

Units: mg/l \*Due to a temporary increase in process drainage. Has been immediately dealt with.

## Suspension Spring Division

### Shiga Plant



Location: Koka, Shiga  
 Products: Coil springs, stabilizer bars, and torsion bars  
 Commenced operations: November 1973  
 Employees: 239



**Haruhiko Okumura**  
 Plant Manager

#### Outlook and policies

Environmental conservation is one of the six core elements of STPM (Strategy for Total Power Management) conducted at our plants, and we take practical measures to allow all our people to engage in it. We are working hard towards making environmentally-friendly springs.

#### Fiscal 2014 and 2015 initiatives

##### Energy saving

- In fiscal 2014, along with the ongoing activities, such as air leakage inspection and control panel power breaker cut off, we conducted a facility update to the energy-saving equipment (amorphous transformers and energy-saving air conditioners). In addition, we were able to contribute significantly to the reduction of CO<sub>2</sub> emissions by installing LED lighting.
- In fiscal 2015, we aim to further establish energy saving activities that have already taken root, and will continue to mainly work on switching to LED lighting.

##### Recycling and reducing waste

- In fiscal 2014, we carried out improvements to the sludge drying vessel, and improved the drying efficiency of sludge. In addition, we increased the recovery rate of oil that is mixed in hot water by the idle oil water separator, to promote turning waster into useful resources.
- In fiscal 2015, we will carry out a further review of the sludge drying method, and strive to reduce waste.

#### Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value	Actual
NOx	Metal reheating furnace	A	81
		B	28
		C	27
		D	65
		E	43
Dust	Metal reheating furnace	A	<0.003
		B	<0.013
		C	<0.006
		D	<0.003
		E	<0.019

NOx units: ppm Dust units: g/m<sup>3</sup> N

#### Water quality (Regulated value: Agreement with Koka)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	6-8.5	8.0	6.9	7.4
BOD	30	*37	4	14
COD	30	*31	3	11
SS	70	18.0	1.0	5.4
Oil	5	4.5	0.6	1.6
Total nitrogen	12*	10.4	1.0	3.7
Total phosphorus	1.2*	1.5	<0.1	<0.1
Fluorine	8*	<0.8	<0.8	<0.8
Boron	10*	<1	<1	<1

Units: mg/l \*Shiga prefectural regulations  
 \*Due to a temporary decrease in drainage processing capacity. Has been immediately dealt with.

## Seating Division

### Gunma Plant



(Ojima area) Location: Ota, Gunma  
 Products: Automotive seats  
 Commenced operations: December 1986  
 Employees: 560

(Ota area) Location: Ota, Gunma  
 Automotive interior products  
 Included in Ojima area



**Masato Miura**  
 Plant Manager

#### Outlook and policies

At our plant, we undertake systematic production activities from development and design to manufacturing and shipment of automobile seats and interior parts for automobiles that are safe and kind to people and the environment, contributing to the development of automobile society. Aware that the mission given to us is that earth, green and beautiful, continue to the next generation, our plant promotes production considering environmental conservation that is safe and people-friendly.

#### Fiscal 2014 and 2015 initiatives

##### Energy saving

- In fiscal 2014, despite the increase in the amount of production by 1.13 times compared to fiscal 2013, by implementing energy conservation activities such as installing LED lighting in our plant and inverters for the cooling water pumps, enforcing switching off lights at unnecessary times, and awareness-raising activities to promote "discipline," we were able to achieve a 21% reduction in CO<sub>2</sub> emission per unit consumption against fiscal 2012, where our company-wide target is 2% reduction.
- In fiscal 2015, we also expect high load production, but we will go back to the first step and analyze and manage plant energy consumption from first principles to promote activities to operate our plants in the ideal way, meeting global standards.

#### Atmosphere: Ojima area (Voluntary values for unregulated equipment)

Substance	Equipment	Regulated value	Actual
NOx	Boiler	A	108
		B	88
		C	35
		D	139
	Generator	950	891
Dust	Boiler	A	<0.005
		B	<0.003
		C	<0.004
		D	<0.008
	Generator	0.1	0.03

NOx units: ppm Dust units: g/m<sup>3</sup> N

#### Water quality: Ojima area (Regulated value: Agreement with Ojima)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	6-8	7.7	6.3	7.1
BOD	10	*13	<0.1	4.2
SS	10	5.0	<0.1	1.5
Oil	Animal and vegetable	3	<0.3	1.3
	Mineral	3	<0.3	<0.3

Units: mg/l \*Has been immediately dealt with.

#### Water quality: Ota area (Regulated value: Gunma prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8-8.6	7.7	7.3	7.6
BOD	40	12	2	4.2
COD	40	11	2	5.9
SS	50	2	1	1.2
Oil	5	4.9	0.9	1.9

Units: mg/l

## Seating Division

### Yokohama Plant



Location: Kanazawa-ku, Yokohama  
 Products: Automotive seats and interior products  
 Commenced operations: April 1990  
 Employees: 544



**Akihiko Sadahisa**  
 Plant Manager

#### Outlook and policies

Our task and our conviction are to pass on to the next generation a prosperous and beautiful world. Each of our employees thinks in terms of protecting the environment when engaging in manufacturing activities. We pursue possibilities for resource use reduction, recycling and reduction of environmental impact across our all development, design, and production processes with the keywords "Eliminate, Reduce, Change," and promote CO<sub>2</sub> emission reductions to help prevent climate change.

#### Fiscal 2014 and 2015 initiatives

##### Reduction of CO<sub>2</sub> emissions and waste

- In fiscal 2014, with the theme of matching equipment capacity to production volume, we reduced our compressor pressure, implemented a reduction in production equipment and made efforts in energy reduction activities. In addition, in order to even slightly reduce energy loss, we also carried out efforts to eliminate standby power for a short time that occur during operation. Also, our waste recycling rate has remained at 100%.
- In fiscal 2015, we will continue to work on theme of matching equipment capacity to the production volume. In addition, for the time of partial operation in the factory such as during night shifts, we will stop using the entire air conditioning system and change to only using local air conditioning with low energy consumption. We will enhance environmental education, aiming to respond carefully when environmental regulations change and to further improve the environmental awareness of employees.
- In the processes of development and commercialization of new products, it is necessary to perform evaluation and testing of the products, and after experiments many products had been scrapped. Currently, the seat production headquarters are improving the analysis and simulation technology, in order to shorten the product commercialization lead time and reduce waste products.

##### Atmosphere (Regulated values: Air Pollution Control Law, Yokohama Guidelines)

Substance	Equipment	Regulated value	Actual
NOx	Boiler	0.100	0.065
Dust	Boiler	0.05	<0.004

NOx units: m<sup>3</sup> N/h Dust units: g/m<sup>3</sup> N

##### Water quality (Regulated values: Yokohama sewage regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	8.2	6.6	7.3
Oil	Animal and vegetable	3.4	0.5	1.2
	Mineral	1.1	0.1	0.3
Fe	3	0.4	<0.3	<0.3
Zn	1	0.3	<0.1	<0.1
Ni	1	<0.1	<0.1	<0.1
Boron	10	<1.0	<1.0	<1.0
NH <sub>4</sub> -	380	2.5	<0.3	0.9

Units: mg/l

### Toyota Plant



Location: Toyota, Aichi  
 Products: Automotive seats and interior products  
 Commenced operations: June 1961  
 Employees: 350



**Masayoshi Yamaguchi**  
 Plant Manager

#### Outlook and policies

The main business of the plant is the manufacture of automotive seat frames systematically from design, manufacture up to shipment. In fiscal 2014 we also began complete production of seats, and this became a change point for the factory. In addition to promoting efficient manufacturing activities using equipment that consider energy saving, we also rank environmental conservation of a clear stream Yahagi River as an important item and are contributing to the development of an affluent society aiming to live together with local communities through conservation of nature.

#### Fiscal 2014 and 2015 initiatives

##### Energy saving

- In fiscal 2014, we promoted energy conservation activities such as adopting the most energy efficient ancillary products in our factories, introducing intermittent operation control of our air-conditioning, and water sprinkling of our air-conditioning outdoor units. We also installed "LED factory lighting," updating approximately 60% of the factory lighting.
  - In fiscal 2015, we will improve and rebuild our plants as "complete seat" factories and in parallel we will continue to promote energy conservation activities. Along with the transition to LED factory lighting, we will continue to promote energy conservation activities, such as reviewing air-conditioning controls and raising the efficiency of exhaust duct fan motors.
- Also, taking the reduction of standby power when production is offline and on holidays as the most important issue, we will continue to promote strict switching off of lighting and air conditioning during offline hours. We will continue to make improvements so that we can operate our plants more effectively.

##### Recycling and reducing waste

- In fiscal 2014, we converted waste plastic into valuable materials through thorough sorting, and have been working on waste reduction.
- In fiscal 2015, we will appoint environmental officers in each department for "thorough waste separation," and to continue with "strictly take home the waste you bring" from the last fiscal year. In addition we will continue to promote activities with the aim of a recycling rate of 100%, such as reviewing the disposal of waste that is not able to be recycled.

##### Environmental education and greening activities

- We impress on our employees that each individual must take a leading role in the environment, and we continue to educate all of them to make them aware of the need to improve it. They all wish to create an earth- and people-friendly plant.
- The plant is a member of the council which led to the Agreement for the Promotion of Environment Preservation between Toyota City and participating organizations. We take part in greening and flower planting to create plants that don't look like plants in this area. We share information on different initiatives to improve the environment, and make good use of the information.

##### Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.8	6.9	7.4
BOD	600	27	3	12.4
COD	600	35	10	18.9
SS	600	8	2	4.2
Oil	5	3.4	1.3	1.96
Zn	2	0.4	0.07	0.19
Cu	3	0.3	0.01	0.22

Units: mg/l

# Precision Spring & Components Division

## Atsugi Plant



Location: Aikawa-machi, Aiko-gun, Kanagawa  
 Products: Thin leaf springs and precision stamped products  
 Commenced operations: November 1970  
 Employees: 371



**Hajime Iwase**  
Plant Manager

### Outlook and policies

Full-scale mass production of high-efficiency drive components for environmentally friendly electric vehicles started from fiscal 2014. In addition, as part of our social contribution, we actively participate in activities such as the clean campaign, held in Atsugi district, and as well as raising awareness about waste reduction, we comply with legal reforms, working actively to reduce CO<sub>2</sub> emissions.

### Fiscal 2014 and 2015 initiatives

#### Recycling and reducing waste

- In fiscal 2014, we reduced the volume of waste by recycling 756kg of used cooking oil discharged from the cafeteria into biodiesel fuel.
- As the deputy chairman company of the Council for waste countermeasures in the Atsugi region, we are strengthening efforts for reducing wastes with both government and private industry united.
- Since fiscal 2005, we have reached a recycling rate of at least 99.9%, which we intend to maintain in future.

#### Saving energy and reducing CO<sub>2</sub> emissions

- In fiscal 2013, CO<sub>2</sub> emissions increased due to construction of the new plants, but in fiscal 2014, we reduced the CO<sub>2</sub> emissions increased in fiscal 2013 by 3.8%. In fiscal 2015 we will make further efforts to reduce CO<sub>2</sub> emissions.
- We will further proceed with the reduction of CO<sub>2</sub> emissions by installing the air-conditioning operation system that we developed in our Atsugi Plant.
- By immediate understanding of the power usage situation, we increase the capability to detect power waste and manage the power peak.
- Based on the revised Law Concerning the Rational Use of Energy, we are striving to smoothe the power usage. We are promoting full staff participation in energy saving.

#### Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5-9	7.6	7.0	7.3	
BOD	600	89	7	31	
COD	—	63	20	34	
SS	600	127	2	16	
Oil	Animal and vegetable	30	12.7	3.0	7.6
	Mineral	5	1.5	<0.5	<0.5
Fe	10	<1	<1	<1	
Total nitrogen	125	33	12	22	
Fluorine	8	<0.8	<0.8	<0.8	
Boron	10	<1.0	<1.0	<1.0	

Units: mg/l

## Ina Plant



Location: Miyada-mura, Kami Ina-gun, Nagano  
 Products: Wire springs and precision machined components  
 Commenced operations: December 1943  
 Employees: 536



**Noritoshi Takamura**  
Plant Manager

### Outlook and policies

Starting with automobile transmissions and various wire springs for engines, our plant develop and manufacture functional products that utilize springs, as well as semiconductor testing devices that are high-quality, high-performance and take full consideration of environmental impact. We work with all our employees to create earth friendly products to protect the environment. As members of society responsible for the environment, we recognize energy saving as a vital concern.

### Fiscal 2014 and 2015 initiatives

#### Saving energy and reducing CO<sub>2</sub> emissions

- In fiscal 2014, we implemented a variety of energy-saving measures, but the amount of special processing in order to meet customer demands for high functionality and performance increased, and we did not reach our goal for reducing CO<sub>2</sub> emissions.
- Starting with switching to LED lighting in our plant and energy-saving air-conditioners, we will promote the rationalization of production by optimizing conditions for processes such as our electric furnaces and shot peening in fiscal 2015.
- We will continue our efforts to pass on a beautiful natural environment to later generations by encouraging greater transparency in performance, making the results of our efforts clear, increasing the sense of satisfaction from what people do, encouraging each individual to put these things into practice and involving everyone in energy saving.

#### Recycling and reducing waste

- Since fiscal 2005, we have managed to raise our recycling rate to 99.9% and are working to help create a recycling society with the goal of increasing that rate further to a full 100%.

#### Greening

- We encourage the greening of the plant and beautification of the local community. This motivates us to keep the plant looking attractive and to improve it, which will appeal to our customers and local residents, and motivates our employees to preserve the beauty of our surroundings and pass it on to future generations.

#### Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment		Regulated value	Actual
NOx	Heating boiler	A	250	61
		B	250	52
		C	250	58
Dust	Heating boiler	A	0.3	<0.005
		B	0.3	<0.005
		C	0.3	<0.004

NOx units: ppm Dust units: g/m<sup>3</sup> N

#### Water quality (Regulated value: Sewage Law and Nagano prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.7-8.7	7.7	6.8	7.3
BOD	600	14	3	7
COD	—	19	1	7
SS	600	13	1	4
Oil	5	4.3	0.6	1.6
Fe	10	<1	<1	<1
Cu	3	<0.3	<0.3	<0.3
Total nitrogen	380	16	1	4

Units: mg/l

## Disk Drive Suspension Division

### Komagane Plant



Location: Komagane, Nagano  
 Products: HDD suspensions  
 Commenced operations: November 1983  
 Employees: 482



**Satoshi Yamashita**  
 Plant Manager

#### Outlook and policies

We aim to continue to protect the environment and have an environmentally friendly plant efficiently producing the best quality HDD suspensions in the world, so that future generations can inherit our beautiful environment in good shape.

#### Fiscal 2014 and 2015 initiatives

##### Energy saving (reducing CO<sub>2</sub> emissions)

- In fiscal 2014, in addition to introducing energy-saving equipment, we aggregated production in order to maintain adequate production capacity and to improve energy efficiency. As a result, CO<sub>2</sub> emissions fell by 10% versus fiscal 2013, a decline of 900 tons.
- In fiscal 2015, we will strive to further reduce CO<sub>2</sub> emissions, such as through promotion of LEDs for factory lighting and an operational review of our steam boilers.

##### Recycling and reducing waste

- While in fiscal 2014, our recycling rate of 100% was maintained, due to equipment maintenance, new processes and production aggregation, new waste items occurred and emissions and treatment costs grew.
- In fiscal 2015, we will maintain our 100% recycling rate that has continued since February 2004, and we will work to reduce emissions and treatment costs by striving to reduce our waste and turn wastes into useful resources.

##### Water quality (Regulated value: Nagano prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8-8.6	7.6	7.0	7.3
BOD	20	16	3	10
COD	20	14	3	9
SS	30	18	1	6
Oil	5	2.3	0.7	1.3
Total phosphorus	16	4.0	0.5	2.5

Units: mg/l

## Industrial Machinery & Equipment Division

### Isehara Plant (Bonding and Ceramic Department, Special Products Department, STS Department)



Location: Isehara, Kanagawa  
 Products: Brazed products, pipe support systems, specialized springs, security products  
 Commenced operations: March 1993  
 Employees: 254



**Toshihiro Tachikawa**  
 Director, Bonding and Ceramic Department



**Takuo Higuchi**  
 Director, Special Products Department



**Tokio Sakauchi**  
 STS Director

#### Outlook and policies

At this plant, we develop and manufacture environment-friendly advanced bonding technology products and pipe support systems for large plants, and anti-counterfeiting-related products. All employees will continue environmental activities so that we can pass on a beautiful world to the next generation.

#### Fiscal 2014 and 2015 initiatives

##### Energy saving

- We are continuously improving the productivity of the electric furnaces we use to make the semiconductor production equipment parts, which account for about 40% of the volume of CO<sub>2</sub> emissions. In fiscal 2014, we reduced CO<sub>2</sub> emissions by improving our furnace efficiency and updating our equipment to energy-saving models.
- We reduced CO<sub>2</sub> emissions by increasing productivity in our pipe support systems production line by steps such as improving the setup and work practices and altering the layout.
- In fiscal 2014, we continued working on the campaign to remind each other to turn off PCs and lights during lunch break at work. All lights should be "Switched OFF when not in use!" We put up such stickers calling for energy saving.
- In fiscal 2014, although in-house sales increased by 22% versus fiscal 2013, our total CO<sub>2</sub> emissions were kept flat, achieving our target. In fiscal 2015, we are aiming for further reductions, planning to decrease annual CO<sub>2</sub> emissions by about 40 tons.

##### Recycling and reducing waste

- In fiscal 2014, we maintained the 100% recycling rate we achieved since 2004. In addition, the rate of turning waste into useful resources increased to 66% in fiscal 2014 versus 57% of total waste in fiscal 2013. We also achieved our industrial waste goal.
- We will continue our 100% recycling rate in fiscal 2015, aiming for a recycling society. We will continue to promote turning waste into useful resources, reduction of waste, and proceed with the reduction of processing costs.

##### Environmental education

- Every May, we conduct environmental education in which all employees at the plant participate. In fiscal 2014, under the theme, consideration of energy usage and waste situation in the world and Japan "What we can do -Not only for the present but for the future-," we gave familiar examples of environmental problems at home and implement activities each of us can do.
- The May 2015 education was entitled "For the children responsible for the next generation!" We learned about the importance of environmental conservation, giving actual examples of environmental issues that have arisen in the world, such as the PM2.5 problem and global warming due to CO<sub>2</sub> emission increase and its impact, and ways to reduce environmental impact by recycling waste.

##### Water quality (Voluntary controls for less than 50m<sup>3</sup>/hour effluent)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8-8.6	7.8	7.1	7.4
BOD	130	16	2	6
COD	130	20	2	12
SS	160	6	1	3
Oil	5	1.7	0.5	1.2
Fe	3	<0.3	<0.3	<0.3
Zn	1	<0.1	<0.1	<0.1

Units: mg/l

## Industrial Machinery & Equipment Division

### Komagane Plant (Chemical Products Department, Electronic Components Department)



Location: Komagane, Nagano  
 Products: Specialized polyurethane foam products, metal base printed wiring boards  
 Commenced operations: December 1981  
 Employees: 156



**Akira Enoki**  
 Director, Chemical Products Departments

**Shinji Saito**  
 Director, Electronic Components Department

#### Outlook and policies

The plant is located in a green and picturesque site, looking out at two of the Japan Alps. We produce functional urethane products and metal base printed wiring boards. We encourage all our employees to engage in the local environment-friendly society, in line with NHK Spring guidelines and action plans.

#### Fiscal 2014 and 2015 initiatives

##### Recycling and reducing waste

- In fiscal 2014, we maintained our 100% recycling rate. Waste declined year-on-year by 13% due to our review of yield improvement and waste recycling, and waste disposal cost was significantly reduced by 23% year-on-year.
- In fiscal 2015, we will work to further reduce waste and costs, such as by reducing the amount of plastic waste.

##### Reducing CO<sub>2</sub> emissions and unit consumption

- In fiscal 2014, we abolished kerosene for heating our plant, and introduced air-conditioning and LED lighting. In addition, when introducing the equipment we established a power monitor, with the aim of visualization.
- In fiscal 2015, we will work to achieve goals by installing LED lights in the plant and reducing radiant heat by painting insulation. Furthermore, we will extend energy saving by adding automatic controls to our production and auxiliary equipment and repairing compressed air leaks.

##### Enhanced environmental management

- In fiscal 2014, we dealt with environmental laws such as for a new facilities reporting and construction of facility plumbing system, and entered the second phase of construction of our second wastewater treatment plant.
- In fiscal 2015, we will add our third production building to our ISO application scope and operate it accordingly. Also, we will continue to provide notification at the time of environmental equipment introduction without delay, and strive for planned maintenance.

##### Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value			Actual
		A	B		
NOx	Hot water boiler	A	180	97	
		B	180	43	
Dust	Hot water boiler	A	0.3	0.02	
		B	0.3	0.01	

NOx units: ppm Dust units: g/m<sup>3</sup> N

##### Water quality (Regulated value: Nagano prefectural regulations)

Item	Facilities	Regulated value	Actual		
			Maximum	Minimum	Average
pH	Production Building 1 Production Building 2	5.8-8.6	8.2	7.4	7.8
			7.5	6.9	7.2
BOD	Production Building 1 Production Building 2	20	2.0	1.0	1.6
			*27	9	15
COD	Production Building 1 Production Building 2	20	4.0	1.0	2.5
			*27	6	11
SS	Production Building 1 Production Building 2	30	1.0	<0.1	<0.1
			<3	<3	<3
Oil	Production Building 1 Production Building 2	5	1.8	0.4	1.2
			2.6	0.3	1.4
Fe	Production Building 2	10	<1	<1	<1
Cu	Production Building 2	3	0.5	<0.3	<0.3

Units: mg/l

\*Has been immediately dealt with.

### Yasu Plant (Parking Systems Department)



Location: Yasu, Shiga  
 Products: Mechanical multilevel parking systems  
 Commenced operations: October 1996  
 Employees: 63



**Makoto Sakurai**  
 Director, Parking Systems Department

#### Outlook and policies

We develop and manufacture mechanical multilevel parking systems bearing in mind our wish to reduce the load on the environment. We aim to further protect the global environment and continue improving our care for the environment to ensure that we pass on the green mountains and clear air and rivers of these superb natural surroundings to later generations.

#### Fiscal 2014 and 2015 initiatives

##### Energy saving (reducing CO<sub>2</sub> emissions)

- In fiscal 2014, the pre-treatment facility measures for the revision of the Water Pollution Control Act were completed. In fiscal 2015, we will continue to comply with environmental laws and regulations such as through environmental patrols.
- In fiscal 2014, by alternating and leveling production, it was possible to stop equipment in a planned manner, and reduce our peak summer and winter energy use.

##### Recycling and reducing waste

- In fiscal 2015, energy reduction will be based around productivity improvements and we will continue to strengthen moment stop and quality improvements. In addition, by utilizing our existing power monitor, we will continue to promote the improvement of wasted power.

##### Environmental conservation activities

- We will carry out improved and thorough separation to maintain our 100% recycling rate. This fiscal year, we will look for a new waste treatment contractor to promote recycling of waste into useful resources and to increase our in-house waste liquid treatment rate and reduce processing costs.

##### Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value		Actual
NOx	Boiler	150	46	
	Drying oven	230	22	
Dust	Boiler	0.1	0.01	
	Drying oven	0.2	<0.003	

NOx units: ppm Dust units: g/m<sup>3</sup> N

##### Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.9	6.8	7.4
BOD	600	3	1	2
COD	—	3	1	1
SS	600	9	2	5
Oil	5	2.5	0.8	1.4
Ni	1	0.4	<0.1	0.2
Total nitrogen	60	46	17	28
Total phosphorus	10	2.6	<1.0	<1.0

Units: mg/l

## [Analysis of results]

### Operating results for fiscal 2014

Although the Japanese economy in fiscal 2014 saw a drop in the demand boom that preceded the consumption tax hike, the recovery of exports under the weaker yen and lower oil prices had a positive effect, and mild economic recovery continued.

In the global economy, the economic recovery trend in Europe proved to be weak and gradual, while in the U.S. robust recovery continued on the strength of factors including improvement in the employment environment and stronger demand under lower oil prices. In the Asian region, slowdown in economic recovery became apparent in China, and recovery in Thailand stopped at sluggish growth. In other regions, too, slowness has become visible in economic growth.

In the automobile industry, a primary business area for our group, sales volume in Japan declined 6.9% to 5,297,000 units as the demand rush preceding the consumption tax hike tapered off. Despite signs of recovery in automobile exports, the number of automobiles exported declined 3.1% from the year earlier to 4,490,000 units. As a result, Japan's automobile production volume was 9,590,000 units, a decline of 3.2% from the year earlier.

In the IT equipment industry, another primary business area for our group, orders increased from the year earlier on the strength of increased HDD (hard disk drive) production spurred by greater demand for PCs and data centers.

Under the business environment outlined above, sales by our group increased by 5.6% from the year earlier to ¥601,434 million. Looking at income compared to the year earlier, operating income declined by 12.7% to ¥32,702 million, ordinary income declined by 5.7% to ¥39,075 million, and net income declined by 3.3% to 23,873 million.

### Cash flow

Net cash from operating activities increased by ¥1,055 million from the year earlier to ¥44,853 million. This is mainly attributed to a decrease in working capital.

Net cash used in investment activities was ¥24,433 million, a decrease of ¥3,481 million from the year earlier. This was mainly due to a decrease in disbursements for loans.

Cash flows from financing activities resulted in net excess expenditures of ¥5,264 million, a decline of ¥10,935 million from the year earlier. This was mainly due to repayment of debt.

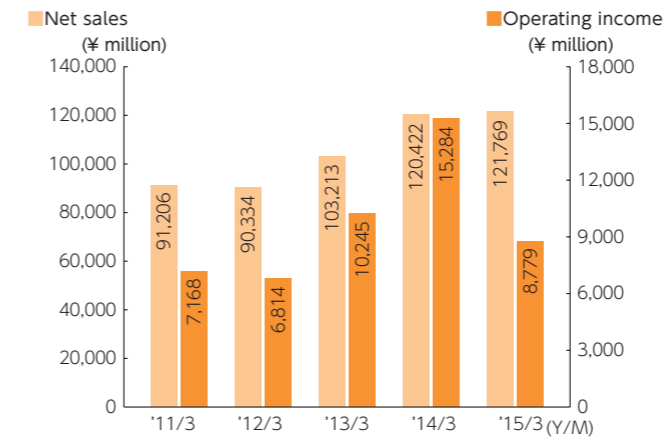
Free cash flow, defined as net cash from operating activities less net cash used for investment activities, totaled ¥20,420 million.

As a result of the foregoing, cash and cash equivalents at end of the period increased by ¥21,445 million at the end of the previous period to ¥83,439 million. Corporate bonds, commercial paper, and long- and short-term borrowings totaled ¥64,518 million, an increase of ¥3,504 million at the end of the previous period.

### Segment information

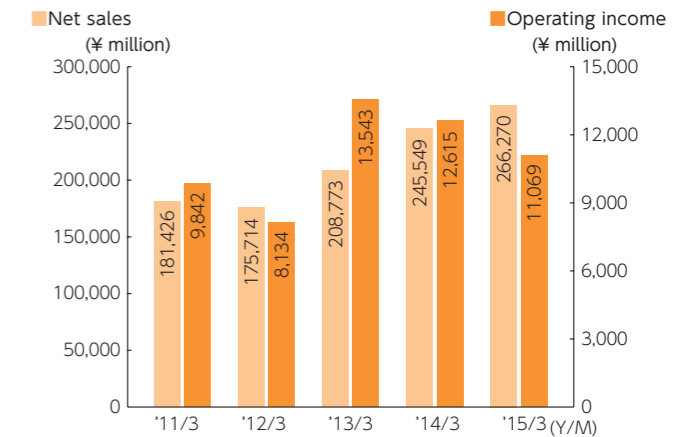
#### [Suspension springs]

The suspension springs segment posted sales of ¥121,769 million, an increase of 1.1% from the year earlier, due to increased automobile production in North America and China despite declines in production in Japan and Thailand. Operating income declined by 42.6% to ¥8,779 million from the year earlier, due to factors including increase in expenses of expanding production accompanying increased orders in North America.



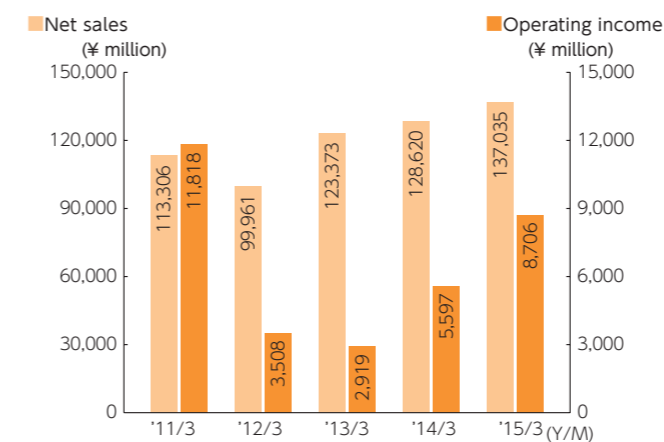
#### [Seating]

The seating segment posted sales of ¥266,270 million, an increase of 8.4% from the year earlier, due to increased automobile production by major customers in Japan and overseas. However, operating income declined by 12.3% from the year earlier to ¥11,069 million, due to factors including increased start-up costs in North America and a decline in sales in Thailand.



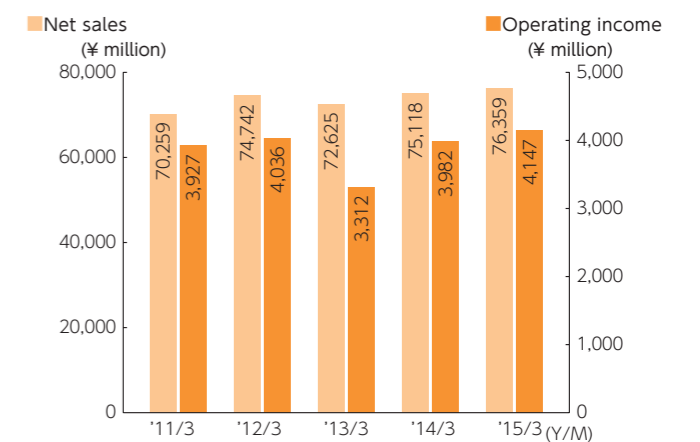
#### [Precision springs and components]

The precision springs and components segment posted sales of ¥137,035 million, an increase of 6.5% from the year earlier, with operating income of ¥8,706 million, an increase of 55.6% from the year earlier. This was due to increased automobile production in overseas, increased HDD production, and exchange rate effects.



#### [Industrial machinery and equipment, and other operations]

Net sales of the industrial machinery and equipment, and other operations segment increased 1.7% from the year earlier to ¥76,359 million, with operating income increasing 4.1% from the year earlier to ¥4,147 million. This was due to increased sales of products including components for semiconductor production equipment.





# [ Consolidated balance sheets ]

	(Millions of Yen)	
	FY2013 March 31, 2014	FY2014 March 31, 2015
Assets		
Current assets		
Cash and bank deposits	62,256	83,701
Notes and accounts receivable, trade	126,652	135,432
Merchandise and finished products	14,228	16,546
Work in process	8,355	9,423
Raw materials and supplies	11,105	13,440
Parts	3,549	4,239
Deferred tax assets	4,251	4,974
Other current assets	19,880	20,886
Allowance for doubtful notes and accounts	(105)	(28)
Total current assets	250,175	288,616
Fixed assets		
Property, plant and equipment		
Buildings and structures	125,626	134,066
Accumulated depreciation	(78,992)	(84,592)
Buildings and structures, net	46,633	49,473
Machinery and transport equipment	201,818	222,488
Accumulated depreciation	(160,385)	(175,613)
Machinery and transport equipment, net	41,432	46,874
Land	32,166	31,751
Leased assets	3,384	2,064
Accumulated depreciation	(1,890)	(1,260)
Leased assets, net	1,493	803
Construction in progress	8,911	10,138
Others	55,658	61,055
Accumulated depreciation	(48,713)	(52,811)
Other, net	6,945	8,244
Net property, plant and equipment	137,583	147,287 <sup>3</sup>
Intangible assets	4,669	5,017
Investments, long-term receivables and other assets		
Investment securities	55,859	71,821 <sup>1</sup>
Long-term loans	3,719	3,947
Deferred tax assets	4,095	4,763
Others	9,034	9,009 <sup>1</sup>
Allowance for doubtful notes and accounts	(164)	(563)
Total investments, long-term receivables and other assets	72,544	88,978
Total fixed assets	214,797	241,282
Total assets	464,972	529,899

	(Millions of Yen)	
	FY2013 March 31, 2014	FY2014 March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable, trade	77,972	87,626
Electronically recorded obligations	28,637	30,229
Short-term borrowings	10,759	9,062 <sup>3</sup>
Accrued income taxes	8,120	5,862
Deferred tax liabilities	878	621
Allowance for directors bonus	249	301
Equipment notes payable	1,464	2,361
Other current liabilities	38,606	48,317
Total current liabilities	166,688	184,381
Long-term liabilities		
Corporate bonds	20,000	10,000
Convertible bonds with stock acquisition rights	—	12,017
Long-term debt	20,254	15,439 <sup>3</sup>
Lease obligations	1,308	750
Deferred tax liabilities	8,464	13,067
Liabilities from retirement benefits	15,444	15,233
Accrued retirement benefits for directors and corporate auditors	545	643
Accrued retirement benefits for corporate officers	598	679
Others	1,627	2,794
Total long-term liabilities	68,243	70,624
Total liabilities	234,932	255,006
Net assets		
Shareholders' equity		
Common stocks	17,009	17,009
Capital surplus	19,308	19,308
Retained earnings	163,920	179,985
Treasury stocks	(796)	(798)
Total shareholders' equity	199,441	215,505
Accumulated other comprehensive income (loss)		
Unrealized gain or loss on available-for-sale securities	16,740	27,247
Foreign currency translation adjustment	4,782	19,063
Accumulated adjustment due to retirement benefits	(2,695)	838
Total accumulated other comprehensive income (loss)	18,828	47,149
Minority interests	11,770	12,238
Total net assets	230,040	274,893
Total liabilities and net assets	464,972	529,899

# [Consolidated statements of income]

(Millions of Yen)

	FY2013 April 1, 2013 – March 31, 2014	FY2014 April 1, 2014 – March 31, 2015
Net sales	569,711	601,434
Cost of sales	492,603	526,436 <sup>1, 3</sup>
Gross profit	77,107	74,997
Selling, general and administrative expenses		
Selling expenses	12,281	13,628
General and administrative expenses	27,346	28,666
Total selling, general and administrative expenses	39,627	42,295 <sup>2, 3</sup>
Operating income	37,480	32,702
Non-operating income		
Interest income	841	1,007
Dividend income	899	980
Equity in earnings of affiliates	355	235
Exchange (loss) gain, net	2,305	4,328
Others	1,736	2,156
Total non-operating income	6,138	8,708
Non-operating expenses		
Interest expenses	538	398
Provision for allowance for doubtful accounts	5	483
Loss on disposals of fixed assets	629	394
Others	1,009	1,058
Total non-operating expenses	2,182	2,335
Ordinary income	41,436	39,075
Extraordinary gain		
Gain on sales of tangible fixed assets	—	153 <sup>4</sup>
Gain on negative goodwill	79	—
Total extraordinary gain	79	153
Extraordinary losses		
Loss on retirement of fixed assets	452	—
Impairment loss of fixed assets	55	601 <sup>5</sup>
Loss on sales of investment securities	130	—
Loss on closure of plant	—	1,436 <sup>6</sup>
Loss from liquidation of affiliates	545	—
Total extraordinary losses	1,184	2,037
Income before income taxes and minority interests	40,331	37,191
Current	15,249	11,857
Deferred	(1,270)	(99)
Total income taxes	13,979	11,758
Income before minority interests	26,352	25,432
Minority interests in income of consolidated subsidiaries	1,674	1,559
Net income	24,677	23,873

# [ Consolidated statements of changes in net assets ]

(Millions of Yen)

	FY2013 April 1, 2013 - March 31, 2014	FY2014 April 1, 2014 - March 31, 2015
Shareholders' equity		
Common stock		
Balance at the start of the period	17,009	17,009
Cumulative effects of changes in accounting policies		
Restated balance at the start of the term reflecting changes to accounting policies	17,009	17,009
Changes during the period		
Total changes during the period	—	—
Balance at the end of current period	17,009	17,009
Capital surplus		
Balance at the start of the period	19,308	19,308
Cumulative effects of changes in accounting policies		
Restated balance at the start of the term reflecting changes to accounting policies	19,308	19,308
Changes during the period		
Disposal of treasury stock	—	0
Total changes during the period	—	0
Balance at the end of current period	19,308	19,308
Retained earnings		
Balance at the start of the period	144,436	163,920
Cumulative effects of changes in accounting policies	—	(3,137)
Restated balance at the start of the term reflecting changes to accounting policies	144,436	160,782
Changes during the period		
Dividends paid	(4,372)	(4,857)
Net income	24,677	23,873
Change in scope of consolidation	(412)	188
Changes in the regular scope of the equity method	(408)	—
Total changes during the period	19,483	19,203
Balance at the end of current period	163,920	179,985
Treasury stock		
Balance at the start of the period	(794)	(796)
Cumulative effects of changes in accounting policies		
Restated balance at the start of the term reflecting changes to accounting policies	(794)	(796)
Changes during the period		
Purchase of treasury stock	(2)	(2)
Disposal of treasury stock	—	0
Total changes during the period	(2)	(1)
Balance at the end of current period	(796)	(798)
Total shareholders' equity		
Balance at the start of the period	179,959	199,441
Cumulative effects of changes in accounting policies	—	(3,137)
Restated balance at the start of the term reflecting changes to accounting policies	179,959	196,303
Changes during the period		
Dividends paid	(4,372)	(4,857)
Net income	24,677	23,873
Change in scope of consolidation	(412)	188
Changes in the regular scope of the equity method	(408)	—
Purchase of treasury stock	(2)	(2)
Disposal of treasury stock	—	0
Total changes during the period	19,481	19,201
Balance at the end of current period	199,441	215,505
Accumulated other comprehensive income (loss)		
Unrealized gain or loss on available-for-sale securities		
Balance at the start of the period	16,533	16,740
Cumulative effects of changes in accounting policies		
Restated balance at the start of the term reflecting changes to accounting policies	16,533	16,740
Changes during the period		
Net changes of items other than shareholders' equity	207	10,506
Total changes during the period	207	10,506
Balance at the end of current period	16,740	27,247

(Millions of Yen)

	FY2013 April 1, 2013 - March 31, 2014	FY2014 April 1, 2014 - March 31, 2015
Foreign currency translation adjustment		
Balance at the start of the period	(6,492)	4,782
Cumulative effects of changes in accounting policies		
Restated balance at the start of the term reflecting changes to accounting policies	(6,492)	4,782
Changes during the period		
Net changes of items other than shareholders' equity	11,275	14,280
Total changes during the period	11,275	14,280
Balance at the end of current period	4,782	19,063
Accumulated adjustment due to retirement benefits		
Balance at the start of the period	—	(2,695)
Cumulative effects of changes in accounting policies		
Restated balance at the start of the term reflecting changes to accounting policies	—	(2,695)
Changes during the period		
Net changes of items other than shareholders' equity	(2,695)	3,533
Total changes during the period	(2,695)	3,533
Balance at the end of current period	(2,695)	838
Total valuation and translation adjustment		
Balance at the start of the period	10,040	18,828
Cumulative effects of changes in accounting policies		
Restated balance at the start of the term reflecting changes to accounting policies	10,040	18,828
Changes during the period		
Net changes of items other than shareholders' equity	8,787	28,321
Total changes during the period	8,787	28,321
Balance at the end of current period	18,828	47,149
Minority interests		
Balance at the start of the period	9,782	11,770
Cumulative effects of changes in accounting policies		
Restated balance at the start of the term reflecting changes to accounting policies	9,782	11,770
Changes during the period		
Net changes of items other than shareholders' equity	1,987	468
Total changes during the period	1,987	468
Balance at the end of current period	11,770	12,238
Total net assets		
Balance at the start of the period	199,783	230,040
Cumulative effects of changes in accounting policies	—	(3,137)
Restated balance at the start of the term reflecting changes to accounting policies	199,783	226,902
Changes during the period		
Dividends paid	(4,372)	(4,857)
Net income	24,677	23,873
Change in scope of consolidation	(412)	188
Changes in the regular scope of the equity method	(408)	—
Purchase of treasury stock	(2)	(2)
Disposal of treasury stock	—	0
Net changes of items other than shareholders' equity	10,775	28,789
Total changes during the period	30,256	47,990
Balance at the end of current period	230,040	274,893

# [ Consolidated statements of comprehensive income ]

(Millions of Yen)

	FY2013 April 1, 2013 – March 31, 2014	FY2014 April 1, 2014 – March 31, 2015
Income before minority interests	26,352	25,432
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	227	10,529
Foreign currency translation adjustment	11,827	14,648
Adjustment due to retirement benefits	—	3,556
Equity equivalent to affiliated companies	497	457
Total other comprehensive income	12,551	29,192
Comprehensive income	38,903	54,625
Comprehensive income attributable to:		
owners of the parent company	35,983	51,918
minority interests	2,920	2,707

# [ Consolidated statements of cash flows ]

(Millions of Yen)

	FY2013 April 1, 2013 – March 31, 2014	FY2014 April 1, 2014 – March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	40,331	37,191
Depreciation and amortization	21,042	21,448
Loss on impairment of fixed assets	55	601
Increase and decrease liabilities from retirement benefits	(557)	(483)
Interest and dividends income	(1,741)	(1,988)
Interest expenses	538	398
Foreign exchange gains	(720)	(1,754)
Equity in earnings of affiliates	(355)	(235)
Loss on property, plant and equipment	1,050	200
Loss (gain) on sales of investment securities	130	—
Loss on write-down of investment securities	457	1,176
Decrease (increase) in notes and accounts receivable, trade	(12,318)	(2,919)
Decrease (increase) in inventories	278	(3,639)
Increase (decrease) in notes and accounts payable, trade	6,777	5,624
Other, net	578	1,233
Sub-total	55,546	56,852
Interest and dividends income received	2,705	2,888
Interest expenses paid	(572)	(438)
Income taxes paid	(13,881)	(14,449)
Net cash provided by operating activities	43,798	44,853
Cash flows from investing activities		
Payments into time deposits	(120)	126
Purchase of property, plant and equipment	(19,294)	(18,964)
Proceeds from sales of property, plant and equipment	1,118	768
Purchase of intangible assets	(546)	(748)
Purchase of investment securities	(5,815)	(3,488)
Proceeds from sales of investment securities	1,892	0
Disbursements for loans	(6,126)	(2,910)
Collection of loans	1,122	681
Other	(145)	103
Net cash used in investing activities	(27,914)	(24,433)

(Millions of Yen)

	FY2013 April 1, 2013 – March 31, 2014	FY2014 April 1, 2014 – March 31, 2015
Cash flows from financing activities		
Proceeds from issuance of short-term debt	425	1,388
Repayment of short-term debt	(5,396)	(289)
Proceeds from issuance of long-term debt	10,000	2,000
Repayment of long-term debt	(15,425)	(10,540)
Proceeds from issuance of commercial papers	40,000	38,000
Redemption of commercial papers	(40,000)	(40,000)
Proceeds from issuance of convertible bonds with stock acquisition rights	—	10,945
Payments for purchase of treasury stock	(2)	(2)
Income from sales of treasury stock	—	0
Repayments of lease obligations	(777)	(827)
Dividends paid	(4,372)	(4,857)
Cash dividends paid to minority shareholders	(651)	(1,081)
Net cash used in financing activities	(16,200)	(5,264)
Effect of exchange rate changes on cash and cash equivalents	3,560	5,906
Net increase in cash and cash equivalents	3,243	21,061
Cash and cash equivalents at beginning of year	57,009	61,993
Increase in cash and cash equivalents resulting from subsidiaries newly included in consolidation	1,740	384
Cash and cash equivalents at end of year	61,993	83,439

# Notes to fundamental important matters for the creation of the consolidated financial statements

## 1. Scope of consolidation

### (1) Number of consolidated subsidiaries: 35

Names of consolidated subsidiaries:

Yokohama Kiko Co., Ltd., Sumihatsu Co., Ltd., Ites Co., Ltd., NHK Precision Co., Ltd., NHK Sales Co., Ltd., NHK Transport Co., Ltd., Nippatsu Service Co., Ltd., Nippon Shaft Co., Ltd., NHK Parking Systems Co., Ltd., Horikiri, Inc., Uniflex Co., Ltd., Tokuhatsu Co., Ltd., Tohoku Nippatsu Co., Ltd., Faurecia-NHK Kyushu Co., Ltd., NHK MEC Corporation, NHK Spring Production Company, Topura Co., Ltd., NHK Spring (Thailand) Co., Ltd., NHK Precision (Thailand) Co., Ltd., NHK Manufacturing (Malaysia) SDN. BHD., NAT Peripheral (Hong Kong) Co., Ltd., NHK-Uni Spring (Guangzhou) Co., Ltd., NHK Spring Precision (Guangzhou) Co., Ltd., NHK Seating (Zhengzhou) Co., Ltd., NAT Peripheral (Dong Guan) Co., Ltd., NHK Spring (China) Co., Ltd., NHK Seating (Hubei) Co., Ltd., NHK Spring India Ltd., NHK International Corporation, New Mather Metals, Inc., NHK of America Suspension Components Inc., NHK Seating of America Inc., NHK Spring Precision of America Inc., Topura American Fastener, Inc., NHK Spring Europe B.V., NHK Spring Europe B.V., NHK Seating (Zhengzhou) Co., Ltd., and Topura American Fastener, Inc., which were non-consolidated subsidiaries of the Company, were included in the consolidated financial statements because of a rise in materiality.

### (2) Non-consolidated subsidiaries

Names of non-consolidated subsidiaries:

Ayase Seimitsu Co., Ltd., G.L.G. Corporation, FNK China Co., Ltd. and NHK Automotive Components India Private Limited

Reason for excluding from scope of consolidation

The accounts were excluded from consolidation since the aggregate amounts of these subsidiaries' combined assets, net sales, net income and retained earnings were immaterial in relation to those of the consolidated financial statements of the Company.

## 2. Scope of application of equity method

### (1) Number of non-consolidated subsidiaries accounted for by the equity method: 4

Names of non-consolidated subsidiaries accounted for by the equity method:

Ayase Seimitsu Co., Ltd., G.L.G. Corporation, FNK China Co., Ltd. and NHK Automotive Components India Private Limited

#### Number of affiliates accounted for by the equity method: 5

Names of affiliates accounted for by the equity method:

Sindai Co., Ltd., Faurecia-NHK Co., Ltd., Ibérica de Suspensiones, S. L., Rassini-NHK Autopeças Ltda. Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd.

### (2) Non-consolidated companies and affiliates not accounted for by the equity method

Names of companies:

Nippatsu Harmony Co., Ltd.

Reason not accounted for:

The accounts of these affiliates were excluded from the equity-method accounting since the aggregate amounts of these affiliates, net income and retained earnings were immaterial in total.

## 3. Accounting standards

### (1) Asset valuation method

#### 1) Inventories

Inventories are mainly stated according to the weighted average cost method. (Values stated in the balance sheet are written down consistent with declines in sales value.)

#### 2) Securities

The amortized cost (straight-line) method has been used for bonds intended to be held to maturity.  
Other securities

Marketable securities

Marketable securities are carried at fair market value, based on market price as of the balance sheet date. (Any changes in unrealized holding gain or loss, net applicable income taxes, are included directly in net assets.

The cost of securities sold is determined by the moving-average method.)

Non-marketable securities

Moving-average method

#### 3) Derivative

Derivatives are carried at fair value.

### (2) Depreciation and amortization of assets

#### 1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is computed by the declining-balance method at rates based on the estimated useful lives of the respective assets as prescribed by income tax law.

Buildings and structures at the Company's headquarters are depreciated by the straight-line method.

The Company and its domestic consolidated subsidiaries compute depreciation for buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) acquired on or after April 1, 1998 by the straight-line method.

#### 2) Low-value depreciable assets (excluding leased assets)

Low-value depreciable assets with acquisition prices ranging between ¥100,000 and less than ¥200,000 are depreciated in even amounts over three years in accordance with the provisions of the Corporation Tax Law.

#### 3) Intangible assets (excluding leased assets)

Intangible assets are amortized on a straight-line basis over periods regulated by income tax law. Expenditure related to computer software development for internal use is capitalized as an intangible asset and amortized on a straight-line basis over the estimated useful life (five years) of the software.

#### 4) Leased assets

Finance lease transactions other than those deemed to transfer ownership

The term of the lease is treated as the period of depreciation, and the straight-line method is applied with a zero residual value. Those finance lease transactions, other than those deemed to transfer ownership, whose lease commencement date was on or before March 31, 2008 have been treated in the accounts applicable to ordinary operating leases.

### (3) Significant accruals

#### 1) Allowance for doubtful receivables

To provide for losses from doubtful accounts, provisions for general claims are recognized based on actual default rates, and based on irrecoverable amounts for specified claims such as delinquent claims, taking into consideration individual collectability.

#### 2) Accrued bonuses for directors

To provide for bonuses to directors, the Company recognizes the amounts accrued at the end of the fiscal year under review based on the estimated payment at the end of the fiscal year under review.

#### 3) Accrued retirement benefits for directors and corporate auditors

In order to provide for the retirement benefits of corporate officers, domestic consolidated subsidiaries recognize the required benefit amounts accrued at the end of the fiscal year in accordance with the regulations for retirement benefits of corporate officers or in accordance with internal rules.

#### 4) Accrued retirement benefits for executive corporate officers

In order to provide for the retirement benefits of executive corporate officers, the Company and domestic consolidated subsidiaries recognize the required benefit amounts accrued

at the end of the fiscal year in accordance with the regulations for retirement benefits of corporate executive officers or in accordance with internal rules.

**(4) Treatment of deferred assets**

Corporate bond issuance cost is charged to expenses when incurred.

**(5) Method of accounting related to retirement benefits**

- 1) Method of attribution of retirement benefits in the period  
Calculations of consolidated retirement liabilities use the benefit formula standard for the estimated retirement benefit amount as the attribution method to the end of the current fiscal year.
- 2) Net actuarial loss, past service cost  
Past service cost is proportionately expensed according to the straight-line method over a certain number of years (15 to 16 years) within employees' average remaining number of years of service at the time of accrual.  
Actuarial differences are proportionately expensed, beginning with the next fiscal year after the year of accrual, according to the straight-line method over a certain number of years (10 to 16 years) within employees' average remaining number of years of service at the time of accrual.
- 3) Use of simplified method at small businesses  
Some consolidated subsidiaries apply the simplified method that uses the voluntary required benefit amount accrued at the end of the fiscal year related to retirement benefits as consolidated subsidiaries in their calculations of liabilities and employees' pension and severance cost related to retirement benefits.

**(6) Significant hedge accounting methods**

- 1) Hedge accounting methods  
The Company uses deferred hedge accounting. Notably, currency forward contracts (including a number of currency options) are accounted for by periodic allocation where the requirements for this accounting method are satisfied. Interest rate swaps are accounted for according to special exception rules where requirements for this accounting method are satisfied.
- 2) Hedging instruments and hedged items

Hedging instruments	Hedged items
Foreign exchange contracts	Forecasted foreign exchange transaction
Interest rate swap	Borrowings
Interest rate currency swap	Borrowings

- 3) Hedging policies  
As Group internal regulations, "Cash Management Regulations" provide as basic principles that hedging is to be used for currency risks and interest risks management.  
With regard to foreign denominated trade receivables, which pose the main risk, in order to avoid the associated currency risk, the Company enters into comprehensive currency forward contracts. Currency forward contracts are used within the scope of actual export transactions in connection with regular foreign-denominated business transactions.
- 4) Method of determination of hedge effectiveness  
The hedge effectiveness of currency forward transactions is determined through checks performed when currency forwards are contracted. Checks are performed in accordance with the "Cash Management Regulations" integral to the internal regulations of the Company. Hedge effectiveness of interest rate swaps, to the extent that such swaps meet the

requirements for special exception rules, is determined in accordance with the Accounting Standards for Financial Instruments.

**(7) Goodwill amortization and amortization period**

Goodwill and negative goodwill originated on or prior to March 31, 2010, are amortized in equal amounts over a 5-year period consistent with the cause of origination. Negative goodwill originated on or after April 1, 2010, is taken to the consolidated income for the fiscal year of origination of such negative goodwill.

**(8) Scope of cash and cash equivalents in the consolidated statements of cash flows**

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits that are able to be withdrawn on demand and short-term investments with an original maturity of three months or less that are exposed to minor risk of fluctuation in value.

**(9) Other important matters to create the consolidated financial statements**

Consumption taxes  
Transactions subject to national and/or local consumption are recorded at an amount exclusive of the consumption tax.

**(Changes in accounting policies)**

We have applied "Accounting Standards Concerning Retirement Benefits" (published May 17, 2012 in Accounting Standards No. 26, hereinafter referred to as "Retirement Benefits Accounting Standards") and "Guidelines for Accounting Standards concerning Retirement Benefits" (published March 26, 2015 in Corporate Accounting Standards Guidelines No. 25, hereinafter referred to as "Retirement Benefits Guidelines") to the provisions described in paragraph (35) of the Retirement Benefits Accounting Standards and paragraph (67) of the Retirement Benefits Guidelines from the end of the current consolidated fiscal year; have reviewed calculation methods for retirement benefit liabilities and service costs; have changed the period attribution method for projected benefit payments from straight-line basis to benefit formula standard; and have changed the method for determining discount rate from one based on the number of years closest to the average remaining years of service of employees, to a method using the expected payment period of retirement benefits and a unitary weighted average discount rate reflecting the amounts for each expected payment period. With regard to the application of the Retirement Benefits Accounting Standards, we are following transitional handling established in paragraph (37) of the Retirement Benefits Accounting Standards. At the start of the consolidated fiscal year in review, we are adjusting retained earnings for the impact associated with changes in the calculation method of retirement benefit liabilities and service costs.  
As a result, liabilities from retirement benefits at the start of the current fiscal year increased by ¥4,849 million, and retained earnings decreased by ¥3,137 million. The effect on operating income, ordinary income, and net income before income tax adjustments and minority interests for the current fiscal year is immaterial.  
Net assets per share decreased by ¥12.92, and net income per share for the term and diluted net income per share for the term increased by ¥1.34 and ¥1.31, respectively.

# [Notes Consolidated fiscal year (March 31, 2015)]

## Consolidated balance sheets

### \*1 Note regarding unconsolidated subsidiaries and affiliated companies

Each item in unconsolidated subsidiaries and affiliated companies are as follows:

Investment securities	¥15,773 million
Investment, other assets and others	¥5,672 million

### \*2 Liabilities for assurance

Guarantees given for debts of non-consolidated companies and others from financial institutions are as follows:

Non-consolidated companies	¥2,295 million
Employee	¥77 million
Total	¥2,373 million

### \*3 Pledged asset

Buildings and structures	¥267 million	(Carrying amount)
Land	¥981 million	(Carrying amount)
Total	¥1,249 million	(Carrying amount)

The above is serving as floating mortgage for collateral of ¥265 million long-term debt (including ¥212 million long-term borrowing due within one year).

## Consolidated statements of income

### \*1 Loss on devaluation of inventories after the amount after the book value was reduced due to the decreased profitability. Sales cost includes loss on devaluation of inventories.

¥15 million

### \*2 Breakdown of selling, general and administrative expenses are as follows:

#### (1) Selling expenses

Packing and delivery expenses	¥4,323 million
Salaries, allowances, and bonuses	¥4,373 million
Employee's retirement benefits	¥272 million
Depreciation	¥33 million

#### (2) General and administrative expenses

Salaries, allowances, and bonuses	¥14,582 million
Employee's retirement benefits	¥735 million
Provision of accrued retirement benefits for directors and corporate auditors	¥278 million
Provision of accrued retirement benefits for corporate officers	¥165 million
Depreciation	¥2,673 million
Research and development expenses	¥2,041 million

### \*3 Research and development expenses in general and administrative expenses and sales cost

¥15,702 million

### \*4 Breakdown of gain on sales of tangible fixed assets belonging to extraordinary gain

Land	¥153 million
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### \*5 Loss on impairment of fixed assets

The NHK Spring Group has recorded impairment losses for the following assets:

Location	Purpose	Type	Amount
Toyokawa, Aichi Prefecture	Idle real estate	Land	¥601 million

### (Background of the recognition of impairment losses)

In accordance with sales, we reduce book value to selling value and record the amount of reduction in extraordinary losses as an impairment loss.

### \*6 Factory closure loss

In accordance with the closure of overseas affiliates (non-consolidated subsidiaries), we record the amount of expected loss.

## Consolidated statements of comprehensive income

### \* Other comprehensive income-related reclassification adjustment amounts and tax effects

Valuation difference on available-for-sale securities	
Amount at the start of the period	¥14,235 million
Reclassification adjustment amount	—
Before tax effect adjustments	¥14,235 million
Tax effect amount	(¥3,705 million)
Valuation difference on available-for-sale securities	¥10,529 million
Currency-adjusted conversion	
Amount at the start of the period	¥14,648 million
Adjustments for retirement benefits	
Amount at the start of the period	¥4,224 million
Reclassification adjustment amount	¥918 million
Before tax effect adjustments	¥5,142 million
Tax effect amount	(¥1,585 million)
Adjustments for retirement benefits	¥3,556 million
Interest in equity-method affiliates	
Amount at the start of the period	¥457 million
Other comprehensive income total	¥29,192 million

## Consolidated statements of changes in net assets

### 1. Type and number of outstanding shares

Type	Beginning of the period under review	Increase in the number of shares during the year under review	Decrease in the number of shares during the year under review	Number of shares as of March 31, 2015
Common stock	244,066,144	—	—	244,066,144

## 2. Type and number of treasury stocks

Type	Beginning of the period under review	Increase in the number of shares during the year under review	Decrease in the number of shares during the year under review	Number of shares as of March 31, 2015
Common stock	1,171,196	1,878	61	1,173,013

### (Reasons for the increase or decrease)

Details of the increase are as follows:

Increase due to purchases of less-than-one-unit shares	1,878 shares
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A breakdown of the number reduced is as follows:

Reduction from the sale of less-than-one-unit shares	61 shares
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## 3. Dividends

### (1) Amount of dividends paid

Resolution	Type of share	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders held on June 27, 2014	Common share	2,428	10.0	March 31, 2014	June 30, 2014
Board of Directors meeting held on Nov. 6, 2014	Common share	2,428	10.0	September 30, 2014	December 5, 2014

### (2) Shares whose dividend record date is in the year and effective date is during next fiscal year

Resolution	Type of share	Dividend resource	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders held on June 26, 2015	Common share	Retained earnings	2,428	10.0	March 31, 2015	June 29, 2015

## Consolidated statements of cash flows

\*A reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows.

(As of March 31, 2015)	
Cash and bank deposits	¥83,701 million
Time deposits with maturity in excess of three months	(¥261 million)
Cash and cash equivalents	¥83,439 million

## Leases

### 1. Finance leases, other than those which are deemed to transfer ownership of the leased assets to lessees, whose commencement dates preceded the commencement of the application of the accounting standards

#### (1) Acquisition cost equivalents, accumulated depreciation equivalents and net book value equivalents of leased property

(Millions of Yen)

	Machinery, equipment and vehicles	Property, plant and equipment	Intangible assets	Total
Acquisition cost equivalents	25	3	—	28
Accumulated depreciation equivalents	24	2	—	27
Net book value equivalents	0	0	—	0

(Note) Acquisition cost equivalents are calculated on the simple method that includes interest in lease payment.

#### (2) Future lease payments at March 31, 2015

Due within one year	¥0 million
Due over one year	—
Total	¥0 million

(Note) Future lease payments are calculated on the simple method that includes interest in lease payment.

#### (3) Current lease payments and depreciation equivalents

Lease payments	¥13 million
Depreciation equivalents	¥13 million

#### (4) Calculation methods of depreciation equivalents

Amounts equivalent to depreciation are calculated by the straight-line method, assuming that useful life is same as the lease term and the residual value equals zero.

### 2. Finance lease transactions

#### (1) Type of leased assets

Mainly production equipments (machinery and transport equipment) in Suspension Springs and in Precision Springs Segments.

#### (2) Depreciation method of leased assets

Amount of depreciation is calculated by the straight-line method, assuming that useful life is same as the lease term and the residual value equals zero.

### 3. Operating lease transaction

Future minimum lease payments for non-cancellable operating lease transactions

Due within one year	¥205 million
Due over one year	¥608 million
Total	¥814 million



### (Impairment losses)

Finance lease transactions have no impairment loss.

## Financial instruments

### 1. Outline of financial instruments

#### (1) Policy for financial instruments

The Group invests only to the short-term bank deposits and alike financed through borrowing from bank or issuance of commercial papers. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described later.

#### (2) Type of financial instruments and related risk

Receivables such as notes and accounts receivable, trade are exposed to customer credit risk. Receivables denominated in foreign currencies arising from global business transactions are exposed to foreign currency exchange fluctuation risk; however, the risk associated with principal export transactions are constantly within the limit established based on actual export record in the past and are hedged by using forward exchange rate contracts. Equity investments are exposed to the risk of market price fluctuations; nevertheless, they mainly consist of equity of companies with which the Company has business relationship, and their fair value are evaluated quarterly and reported to the Board of Managing Directors.

Payment terms of payables, such as notes, accounts payable, trade, and electronically recorded obligations, are mostly less than one year. Although payables in foreign currencies are exposed to foreign currency exchange fluctuation risk, those risks are constantly netted against the balance of receivables denominated in the same foreign currency. The purpose of borrowings and commercial papers is to raise necessary fund for working capital and capital expenditures. Although some of them bearing floating interest rates are exposed to interest rate fluctuation risk, such exposure is hedged by using derivatives (Interest rate swaps).

#### (3) Risk management for financial instruments

1) Monitoring of credit risk (the risk that customer or counterparties may default)

The Group monitors payment term and balances of receivables by customer is in accordance with internal rules on management of accounts receivable and has a system to periodically grasp credit risk of the customers.

2) Monitoring of market risk (the risk arising from fluctuations in foreign exchange rates, and interest)

The Group mitigates foreign currency exchange fluctuation risks in connection with receivables and short/long-term debt denominated in foreign currencies by using exchange rate contracts for certain proportion of such receivables and debt. In addition, the Company uses interest rate swap contracts for long-term debt to fix interest payments on borrowings with floating interest rate; therefore, there is no interest rate fluctuation risk exposed to interest payments on long-term debt.

3) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

The Group manages liquidity risk by timely projection and revision of cash flow plan by the department in charge of finance based on reports of each relevant department.

#### (4) Supplementary explanation of estimated fair value of financial instruments

Not applicable

### 2. Outline of marketable financial instruments

Carrying amount, fair value and unrealized gain/loss of the financial instruments as of March 31, 2015 (closing date of this fiscal year) are as follows.

(Millions of Yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	83,701	83,701	—
(2) Notes and accounts receivable, trade	135,432	135,432	—
(3) Investment securities			
1) Bonds to be held to maturity	500	507	7
2) Other securities	54,448	54,448	—
(4) Long-term loans	3,947	4,224	276
<b>Total assets</b>	<b>278,030</b>	<b>278,315</b>	<b>284</b>
(1) Notes and accounts payable, trade	87,626	87,626	—
(2) Electronically recorded obligations	30,229	30,229	—
(3) Short-term borrowings	9,062	9,062	—
(4) Accrued income taxes	5,862	5,862	—
(5) Equipment notes payable	2,361	2,361	—
(6) Corporate bonds	10,000	10,048	48
(7) Convertible bonds with stock acquisition rights (dollar denominated)	12,017	13,105	1,088
(8) Long-term debt	15,439	15,336	(103)
(9) Lease obligations	750	741	(9)
<b>Total liabilities</b>	<b>173,346</b>	<b>174,370</b>	<b>1,024</b>
Derivative financial instruments *	—	—	—

\* Receivables and payables incurred by derivative transactions are presented in net. Net payables are presented in brackets "[ ]".

(Note 1) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

#### Assets:

(1) Cash and bank deposits, and (2) Notes and accounts receivable, trade

These assets are recorded using book values because fair values approximate book values due to their short-term maturities.

(3) Investment securities

The fair values of equity investment are determined using the quoted price at the stock exchange, and those of bonds are determined using the quoted price obtained from the financial institutions. As for notes to securities by purpose of holding, please see the note for marketable securities.

(4) Long-term loans

The fair values of long-term loans are present value, calculated as estimated amount of principal and interest receivable, reflecting collectability and discounted using interest rate of appropriate index government bonds.

#### Liabilities

(1) Notes and accounts payable, trade, (2) Electronically recorded obligations, (3) Short-term borrowings, (4) Accrued income taxes, and (5) Equipment notes payable

These payables are recorded using book values because fair values approximate book values due to their short-term maturities.

(6) Corporate bonds

The fair value of corporate bonds are calculated based on the reference trading statistics published by the Japan Securities Dealers Association.

(7) Convertible bonds with stock acquisition rights (dollar denominated)

The fair market value of convertible bonds with stock acquisition rights (dollar denominated) is determined by the price at the time of offer by the client financial institutions.

(8) Long-term debt, and (9) Lease obligations

The fair values of long-term debt and lease obligations are determined by discounting the aggregated values of the principal and interest using an assumed interest rate applied in case the same type of loans or leases should be newly made. Long-term debt bearing floating interest rate are hedged by interest rate swap contracts meeting certain conditions and the fair values of these debts are determined by discounting the aggregated values of the principal and interest accounted for together with the related interest rate swap contracts using the reasonably estimated interest rate to be applied when the same type of loans were conducted.

#### Derivative transactions

Please see the note for derivative transactions.

(Note 2) Financial instruments for which it is extremely difficult to determine the fair value

(Millions of Yen)

Category	Carrying amount
Equity investments of unlisted subsidiaries and affiliates	15,773
Other unlisted stocks	1,098

The items above are not included in "(3) Investment securities" because there is no market price and it is very difficult to identify fair values.

(Note 3) Redemption schedule of monetary assets and investment securities with contractual maturities

(Millions of Yen)

	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	83,701	—	—	—
Notes and accounts receivable, trade	135,432	—	—	—
Investment securities				
Bonds to be held to maturity (corporate bonds)	—	—	500	—
Long-term loans	—	3,613	253	80
Total	219,133	3,613	753	80

(Note 4) Redemption schedule of long-term debt, lease obligations and other interest-bearing debt

(Millions of Yen)

	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	1,440	—	—	—	—	—
Bonds	10,000	10,000	—	—	—	—
Convertible bonds with stock acquisition rights (dollar denominated)	—	—	—	—	12,017	—
Long-term debt	7,621	5,775	8,154	1,510	—	—
Lease obligations	—	274	190	178	42	63
Total	19,062	16,049	8,344	1,688	12,059	63

## Marketable securities

### 1. Equity securities for the purpose of selling and buying (As of March 31, 2015)

Not applicable

### 2. Equity securities to be held to maturity (As of March 31, 2015)

(Millions of Yen)

Type	Carrying amount	Fair value	Unrealized gain (loss)
Securities which fair value exceeds their carrying amount			
1) National bonds and local government bonds	—	—	—
2) Corporate bonds	500	507	7
3) Other	—	—	—
Subtotal	500	507	7
Securities which carrying value exceeds their fair value			
1) National bonds and local government bonds	—	—	—
2) Corporate bonds	—	—	—
3) Other	—	—	—
Subtotal	—	—	—
Total	500	507	7

### 3. Other securities with fair value (As of March 31, 2015)

(Millions of Yen)

Type	Carrying amount	Acquisition cost	Unrealized gain (loss)
Securities which carrying value exceeds their acquisition cost			
1) Equity securities	54,388	13,922	40,466
2) Bonds	—	—	—
3) Other	—	—	—
Subtotal	54,388	13,922	40,466
Securities which acquisition cost exceeds their carrying amount			
1) Equity securities	60	69	(9)
2) Bonds	—	—	—
3) Other	—	—	—
Subtotal	60	69	(9)
Total	54,448	13,992	40,456

(Note) Impairment occurs if the fair market value decreased more than 50% compared to the acquisition cost except if the value is expected to recover. If the decreased rate is 30% to less than 50%, the possibility to recover is to be judged. If the Company determined that there is no possibility, it will be dealt with as impairment loss.

### 4. Other marketable securities sold during the fiscal year

Not applicable

### 5. Securities treated as impairment losses

Not applicable

## Derivative transactions

### 1. Derivative financial instruments that do not apply for hedge accounting

Not applicable

### 2. Derivative financial instruments that apply for hedge accounting

#### (1) Currency

Not applicable

**(2) Interest rate**

(Millions of Yen)

Hedge accounting method	Types of derivative transaction	Main hedged items	Contractual value	Contractual value over one year	Fair value
Exceptional disposition of interest rate swap contracts	Interest rate swap contract	Borrowings	8,131	4,751	(Note)
	Fixed rate payment				
	Floating receiving				
Total			8,131	4,751	(Note)

(Note) The fair value of the interest rate swap qualifying for exceptional accrual method is included in the above fair value of related long-term borrowings.

**(3) Interest rate currency**

(Millions of Yen)

Hedge accounting method	Types of derivative transaction	Main hedged items	Contractual value	Contractual value over one year	Fair value
Interest rate currency swap accounting (exceptional disposition, periodic allocation)	Interest rate currency swap contract	Borrowings	4,546	4,546	(Note)
	Fixed rate payment, floating receiving				
	Payment U.S. Dollar Receiving Yen				
Total			4,546	4,546	(Note)

(Note) The fair value of the interest rate currency swap qualifying for (exceptional disposition, periodic allocation) is accounted for together and included in the above fair value of related long-term borrowings.

**Retirement benefit****1. Summary of retirement benefit schemes currently being adopted**

The Company and its subsidiaries have a contributory funded and a defined contribution pension plan, and a termination allowance plan as part of their defined benefits scheme. Primarily, we have adopted a cash balance plan, with a virtual private account balance set for each covered person. In the virtual personal account balance, interest credit based on market interest rate trends and other factors is accumulated on top of contribution credit calculated monthly.

The termination allowance plan of some consolidated subsidiaries calculates liabilities and retirement benefit expenses related to retirement benefits with the simplified method. Some consolidated subsidiaries have joined employees pension fund systems of a multiple employer system. Among these systems, systems, in which pension assets supporting in-house contributions cannot be reasonably calculated, are accounted for in the same way as a defined contribution system.

**2. Contributory funded system****(1) Adjustment sheet of balances at start and end of period of consolidated retirement liabilities (excluding systems applying a simplified method)**

Balance at start of period of consolidated retirement liabilities	¥48,058 million
Cumulative effects of changes in accounting policies	¥4,849 million
Restated balance at the start of the period reflecting changes to accounting policies	¥52,908 million
Service cost	¥2,470 million
Interest cost	¥679 million
Accrued net actuarial loss	¥1,336 million
Retirement benefits payment amount	(¥2,239 million)
Prior service cost	¥111 million
Other	¥797 million
Balance at end of period of consolidated retirement liabilities	¥56,064 million

**(2) Adjustment sheet of balances at start and end of period of pension assets (excluding systems applying a simplified method)**

Balance at start of period of pension assets	¥36,219 million
Expected return on plan assets	¥846 million
Accrued net actuarial loss	¥5,527 million
Contributions from the employer	¥3,110 million
Retirement benefits payment amount	(¥1,208 million)
Other	¥3 million
Balance at end of period of pension assets	¥44,498 million

**(3) Adjustment sheet of balances at start and end of period of liabilities from retirement benefits and systems applying a simplified method**

Balance at start of period of liabilities from retirement benefits	¥3,604 million
Retirement benefit expenses	¥354 million
Retirement benefits payment amount	(¥291 million)
Balance at end of period of liabilities from retirement benefits	¥3,667 million

**(4) Adjustment sheet of assets related to retirement benefits and liabilities from retirement benefits that was recorded in the consolidated balance sheets and balance at end of period of consolidated retirement liabilities and pension assets**

Consolidated retirement liabilities of installment-type systems	¥48,265 million
Plan assets	(¥44,498 million)
	¥3,766 million
Consolidated retirement liabilities of non-installment-type systems	¥11,466 million
Net liabilities and assets recorded in the consolidated balance sheets	¥15,233 million
Liabilities from retirement benefits	¥15,233 million
Net liabilities and assets recorded in the consolidated balance sheets	¥15,233 million

(Note) Including systems that apply a simplified method

### (5) Amount of retirement benefit expenses and other breakdown items

Service cost	¥2,470 million
Interest cost	¥679 million
Expected return on plan assets	(¥846 million)
Amortization of net actuarial loss	¥1,025 million
Amortization of prior service cost	¥80 million
Retirement benefit expenses calculated using a simplified method	¥468 million
Retirement benefit expenses related to a contributory funded system	¥3,877 million

### (6) Adjustments for retirement benefits

The breakdown of items recorded in accumulated adjustments related to retirement benefits (before tax effect deductions) is as follows.

Prior service cost	¥18 million
Actuarial difference	(¥5,161 million)
Total	(¥5,142 million)

### (7) Accumulated adjustment due to retirement benefits

The breakdown of items recorded in the accumulated adjustment related to retirement benefits (before tax effect deductions) is as follows:

Unrecognized prior service cost	(¥70 million)
Unrecognized net actuarial loss	(¥913 million)
Total	(¥984 million)

### (8) Items related to pension assets

#### 1) Main components of pension assets

The percentage of each major classification of pension asset total are as follows:

Shares	62%
Bonds	21%
General account	12%
Other	5%
Total	100%

(Note) 46% of the retirement benefit trust set for the corporate pension plan is included in the pension asset total.

#### 2) Method of setting the long-term expected return on plan assets

To determine the long-term expected return on plan assets of pension assets, allocation of current and expected pension assets and the current and expected long-term return rate from the variety of assets that make up the pension assets are taken into account.

### (9) Items related to the actuarial calculation basis

Major actuarial bases at the end of the current fiscal year

Discount rates

(Domestic) 0.4% - 1.0%

(International) 3.8% - 8.0%

Long-term expected rates of return on plan assets

(Domestic) 1.4% - 3.0%

(International) -

Note: The benefit formula standard (a method that does not incorporate the element of future salary increase "point raises") is primarily used.

### 3. Defined contribution system

The required contribution to the defined contribution system of the company and consolidated subsidiaries (accounted for in the same way as a defined contribution system and includes an employees' pension fund system of a multiple employer system) is ¥1,099 million.

## Deferred tax accounting

### 1. Principal deferred tax assets and liabilities

#### (Deferred tax assets)

1) Current assets	
Accrued bonuses	¥3,043 million
Accrued enterprise taxes	¥434 million
Inventory write-downs	¥406 million
Accounts payable	¥536 million
Other	¥767 million
Deferred tax assets (current) subtotal	¥5,188 million
Valuation allowance	(¥214 million)
Total deferred tax assets (current)	¥4,974 million
Offset of deferred tax liabilities (current)	—
Net deferred tax assets (current)	¥4,974 million

2) Fixed asset	
Liabilities from retirement benefits	¥5,688 million
Depreciation	¥1,859 million
Loss from securities revaluation	¥677 million
Allowance for doubtful receivables	¥293 million
Accrued retirement benefits for directors and corporate auditors	¥436 million
Total loss on impairment of fixed assets	¥697 million
Tax losses carried forward	¥4,454 million
Unrealized inter-company profit	¥248 million
Other	¥492 million
Deferred tax assets (fixed) subtotal	¥14,846 million
Valuation allowance	(¥3,561 million)
Deferred tax assets (fixed) total	¥11,284 million
Offset of deferred tax liabilities (fixed)	(¥6,521 million)
Net deferred tax assets (fixed)	¥4,763 million

#### (Deferred tax liabilities)

1) Current liabilities	
Retained subsidiaries profits	(¥605 million)
Other	(¥15 million)
Deferred tax liabilities (current) total	(¥621 million)
Offset of deferred tax assets (current)	—
Net deferred tax liabilities (current)	(¥621 million)
2) Fixed liabilities	
Special tax purpose reserve	(¥3,092 million)
Unrealized losses on other securities	(¥13,707 million)
Other	(¥2,788 million)
Deferred tax liabilities (fixed) total	(¥19,588 million)
Offset of deferred tax assets (fixed)	¥6,521 million
Net deferred tax liabilities (fixed)	(¥13,067 million)

## 2. Principal reasons for the difference between the statutory tax rate and the rate of income after application of deferred tax accounting

Statutory tax rate of the Company which submitted the consolidated balance sheets	35.3%
Effect of:	
Tax rate difference of subsidiaries	(4.2%)
Expense account and others not deductible permanently	2.2%
Dividend income and others not taxable permanently	(8.6%)
Foreign tax credit	(0.5%)
Investment tax credit	(1.6%)
Reduction adjustment on deferred tax assets as of the end of the period due to change in the tax rate	1.6%
Dividend income from the consolidated subsidiaries	8.8%
Research expense, etc., special deduction	(0.8%)
Other	(0.6%)
Effective tax rate	31.6%

## 3. Corrections to deferred tax assets and deferred tax liabilities due to changes in corporate and other tax rates

In accordance with promulgation of the Act for Partial Amendment of the Income Tax Act, Etc. (Act No. 9 of 2015) and the Act for Partial Amendment of the Local Tax Act, Etc. (Act No. 2 of 2015) on March 31, 2015, the normal effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities during the current fiscal year (limited to items liquidated on or after April 1, 2015) has changed from 35.3% in the previous consolidated fiscal year to 32.8% for items with an

expected collection or payment period of April 1, 2015 to March 31, 2016, or 32.0% if April 1, 2016 or later.

As a result, deferred tax liabilities (after deduction of the value of deferred tax assets) have declined by ¥890 million yen, and adjustments to corporate income taxes, etc., unrealized gain or loss on available-for-sale securities, and accumulated adjustment due to retirement benefits recorded in the current fiscal year have increased by ¥591 million, ¥1,315 million, and ¥165 million, respectively.

## Asset retirement obligations

Asset retirement obligations recognized on the consolidated balance sheets

### (1) Summary of relevant asset retirement obligations

With regard to instances of asbestos used in property, plant and equipment, the affected assets are at the time of their retirement subject to the special methods required under the Ordinance on Prevention of Health Impairment due to Asbestos.

### (2) Calculation of the amount of relevant asset retirement obligations

The calculation of relevant asset retirement obligations uses the end of the remaining useful life as the estimated period until expenditure and applies a discount rate of 2.1%.

### (3) Change in total consolidated asset retirement obligations in the period under review

Balance at start of period	¥306 million
Adjustment for passage of time	¥0 million
Balance at end of period	¥306 million

## Segment information

### 1. Outline of segment

Reporting segments are comprised of those constituent segments of the Group for which stand-alone financial information is available. They are the subject of periodic review for the board of directors to determine the allocation of management resources and for the evaluation of operating results.

Segment	Main products
Automotive suspension springs	Leaf springs, coil springs, stabilizer bars, torsion bars, stabilizer links, gas springs, stabilinker and others
Automotive seating	Seats, mechanical seating components, trim parts and others
Precision springs and components	HDD suspensions and mechanical components, wire springs, flat springs, LCD/semiconductor testing probe units, Fastener (screw), precision machine components and others
Industrial machinery and equipment, and others	Brazed products, ceramic products, spring mechanisms, pipe support systems, automatic parking systems, polyurethane products, metal-based printed wiring boards, security products, lighting equipment, golf club shafts and others

The Company operates principally on four industrial segments: automotive suspension springs; automotive seating; precision springs and components; and industrial machinery and equipment, and other based on manufacturing division of the Company.

Main products of each segment are as follows:

### 2. Method of calculation of sales, income, assets, and other account items by reporting segment

The method of accounting applied for reporting segments corresponds to the descriptions in the "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements." Earnings of reported segments reflect values based on operating income.

### (Application of Accounting Standards Concerning Retirement Benefits, etc.)

As noted under "Changes in accounting policies," in accordance with the change in calculation method for retirement benefit liabilities and service costs from the current fiscal year, the calculation methods for retirement benefit liabilities and service costs in reporting segments are similarly changed. The effect on segment profits for the current fiscal year are immaterial.

### 3. Net sales, income or loss, assets, and other items by reporting segment

(Millions of Yen)

	Segment					Adjustments	Total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total		
Sales							
Sales to external customers	121,769	266,270	137,035	76,359	601,434	—	601,434
Inter-segment sales	1,918	72	1,668	7,782	11,441	(11,441)	—
Net sales	123,687	266,343	138,703	84,141	612,875	(11,441)	601,434
Operating income	8,779	11,069	8,706	4,147	32,702	—	32,702
Assets	93,790	128,422	120,245	79,139	421,598	108,300	529,899
Other							
Depreciation	4,621	4,040	8,915	1,952	19,529	1,918	21,448
Amount invested in equity-method affiliates	3,198	1,276	3,573	97	8,146	—	8,146
Property, plant and equipment and intangible fixed assets increase	6,656	4,380	6,566	1,529	19,133	1,538	20,671

Adjustments are as follows

(Note 1) The segment asset adjustment amount of ¥108,300 million includes corporate-level assets not allocated to the individual reportable segments. Corporate-level assets consist mainly of cash and deposits that do not belong to reportable segments.

(Note 2) Depreciation charges relate mainly to the head office building.

(Note 3) Adjustment amounts for increased property, plant, and equipment and intangible fixed assets of ¥1,538 million relate to increased corporate-level assets that do not belong to reportable segments.

### 4. Segment by location

#### (1) Sales

(Millions of Yen)

Japan	North America	Asia	Other	Total
316,973	106,581	175,474	2,404	601,434

#### (2) Property, plant and equipment

(Millions of Yen)

Japan	North America, etc.	Asia	Total
82,267	25,700	39,318	147,287

### 5. Information for major customers

(Millions of Yen)

Company or personal name of customer	Net sales	Name of related segment
Fuji Heavy Industries, Ltd.	65,021	Suspension springs, Seating, Precision springs and components, Industrial machinery and equipment, and other

### 6. Information on impairment loss of property, plant and equipment of reporting segments

(Millions of Yen)

	Segment					Elimination of corporate assets	Consolidated total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total		
Impairment	—	—	—	—	—	601	601

### 7. Segment information of goodwill amortization

(Millions of Yen)

	Segment					Elimination of corporate assets	Consolidated total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total		
Amortization during the year	71	0	0	26	98	—	98
Balance at end of year	214	2	0	116	334	—	334

### 8. Information on gains accrued from negative goodwill by information segment

Not applicable

## Related party information

### 1. Related party transactions

#### (1) Transactions with companies included in the consolidated financial statements and related parties.

Type	Name	Address	Capital (million yen)	Business area	Proportion of voting rights owned (%)	Related party transactions	Details of transactions	Amount of transactions (million yen)	Accounts recorded	Balance at end of year (million yen)
Affiliate	Faurecia-NHK Co., Ltd.	Naka-ku, Yokohama	400	Seating	50.0	Customer of our company one concurrent director	Purchased most products from our company	6,318	Trade accounts receivable	4,630

(Note 1) Amount of transactions does not include consumption tax. Balance at end of year includes the consumption tax.

(Note 2) Conditions of transactions and its policy.

Sales of our company's products to subsidiaries and affiliates are determined by the reference to market values.

#### (2) Transactions with subsidiaries of companies included in the consolidated financial statements and related parties.

Type	Name	Address	Capital (million yen)	Business area	Proportion of voting rights owned (%)	Related party transactions	Details of transactions	Amount of transactions (million yen)	Accounts recorded	Balance at end of year (million yen)
Subsidiary	Nippan Business Support Co., Ltd.	Koto-ku, Tokyo	10	Supply of services to all business areas (factoring)	100 (indirect)	Transfer of the account payable	Transfer of accounts payable by consolidated subsidiaries	20,674	Trade accounts payable	6,476

(Note 1) Balance at end of year include the consumption tax.

(Note 2) Conditions of transaction and its policy.

Transfer of the account payable are determined as same as those of general transactions.

### 2. Note on the Company or related companies

Not applicable

## Per share information

- Net assets per share ¥1,081.36
- Net income per share ¥98.29
- Diluted net income per share for the term ¥96.39

(Note) Basic calculation

#### 1. Net assets per share

Item	
Total net assets (million yen)	274,893
Amount deducted from total net assets (million yen) (Minority interests)	12,238 (12,238)
Net income available for dividends on common stock at end of year (million yen)	262,654
Number of outstanding shares of common stock (thousand shares)	244,066
Number of common stock for treasury (thousand shares)	1,173
Descriptions of potential shares included in the computation of diluted net income per share (thousand shares)	242,893

#### 2. Net income per share

Item	
Income in the consolidated balance sheets (million yen)	23,873
Amount not available for common shareholders (million yen)	—
Net income available for dividends on common shares (million yen)	23,873
Weighted-average number of common shares outstanding during the year (thousand shares)	242,894

#### 3. Diluted net income per share for the term

Item	
Net income adjustment for the term (million yen)	—
Increase in number of common shares (thousand shares)	4,775
Overview of dilutive shares which were not included in diluted net income per share for the term due to lack of dilution effect, and for which major variations occurred from the end of the previous fiscal year	—

\* As described in the "Changes in accounting policies", Retirement Benefits Accounting Standards are applied, and we are following the transition practice established in paragraph (37) of the Retirement Benefits Accounting Standards.

As a result, net assets per share for the current fiscal year decreased by ¥12.92, and net income per share for the term and diluted net income per share for the term increased by ¥1.34 and ¥1.31, respectively.

# [Consolidated supplemental schedules]

## 1. Schedule of bonds payable

Company name	Description	Date of Issuance	Balance at the start of the period (million yen)	Balance at end of current year (million yen)	Interest rate (%)	Collateral	Maturity
NHK Spring Co., Ltd.	7th non-collateral corporate bonds (inter-bond pari passu clause)	December 15, 2010	10,000	10,000 [10,000]	0.789	—	December 15, 2015
NHK Spring Co., Ltd.	8th non-collateral corporate bonds (inter-bond pari passu clause)	September 13, 2011	10,000	10,000 [—]	0.544	—	September 13, 2016
NHK Spring Co., Ltd. *2	US dollar-denominated convertible bonds with stock acquisition rights maturing in 2019	September 22, 2014	—	12,017 (US \$100 million)	—	—	September 20, 2019
Total	—	—	20,000	32,017 [10,000]	—	—	—

(Note 1) The amounts in brackets presented under "Balance at end of current year" represent the amounts scheduled to be redeemed within one year.

(Note 2) As the bonds were issued in a foreign country, the foreign currency-denominated value is appended in the "Balance at end of current year" column.

(Note 3) Details concerning convertible bonds with stock acquisition rights are as follows.

Description	US dollar-denominated convertible bonds with stock acquisition rights maturing in 2019
Shares to be issued	Common shares
Issue value of stock acquisition rights	None
Issue value of shares (US\$)	10.90
Total issue price (US\$)	100 million
Total value of shares issued through execution of stock acquisition rights	—
Vested ratio of stock acquisition rights (%)	100
Exercise period of stock acquisition rights	From October 6, 2014 to September 6, 2019
Matters concerning substitute payment	In the exercise of each stock acquisition right, it is assumed that each bond will be invested, and the value of the bond will be equivalent to the total face value.

(Note 4) The following table shows the redemption schedule of bonds for five years is summarized.

(Millions of Yen)

Within one year	One to two years	Two to three years	Three to four years	Four to five years
10,000	10,000	—	—	12,017

## 2. Schedule of borrowings

Category	Balance at the start of the period (million yen)	Balance at end of current year (million yen)	Average interest rate (%)	Maturity
Short-term debt	247	1,440	1.127	—
Current portion of long-term borrowings	10,511	7,621	1.038	—
Current portion of lease obligations	460	367	—	—
Long-term borrowings (excluding current portion)	20,254	15,439	0.554	2016 to 2019
Lease obligation (excluding current portion)	1,308	750	—	2016 to 2030
Other interest-bearing liabilities Commercial paper (due within one year)	10,000	8,000	0.091	—
Total	42,783	33,619	—	—

(Note 1) Average interest rate represents the weighted-average rate applicable to the year-end balance.

(Note 2) The following table shows the aggregate annual maturities of long-term borrowings (excluding the current portion) and lease obligations (excluding the current portion) for five years.

(Millions of Yen)

Category	One to two years	Two to three years	Three to four years	Four to five years
Long-term borrowings	5,775	8,154	1,510	—
Lease obligations	274	190	178	42

(Note 3) Average interest rate is not described for lease obligation (excluding lease obligation due within one year) and lease obligation due within one year is indicated by using interest calculated methods in some subsidiaries.



## Editorial policy

The NHK Spring Group has published the NHK Spring Report since the 2008 fiscal year, summarizing the overview of social, environmental and financial aspects of what we have done over the last year. The 2015 NHK Spring Report is our eighth. We have reviewed our page layout to make it easier to follow for our readers.

In addition, because the latest CSR information publishes more detailed shareholder and investor information on the home page, feel free to use it at the same time.

**CSR information** <http://www.nhkspg.co.jp/eng/csr/>

**Shareholder and investor information** <http://www.nhkspg.co.jp/eng/ir/>

## Scope

This Report covers the fundamental business activities of the NHK Spring Group. 'NHK Spring Group' refers to the Group overall; 'NHK Spring' refers specifically to NHK Spring Co., Ltd., and our Group companies are identified individually by name. We make every effort to ensure that the Report is accurate.

## Reporting period

In principle, the Report covers our business activities from April 2014 to March 2015. As it is published in September, it will also include any major developments since April 2015.

## Readership

This Report is intended for our customers, shareholders and investors, suppliers, the communities around the places where we operate, and our employees and their families.

## Editorial guidelines

Ministry of the Environment's Environmental Reporting Guidelines (2007 ed.)



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